A family at war

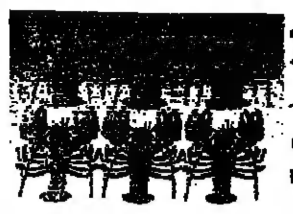
The fight over the Wagner legacy

Page 11

The $150bn question

Can chip producers satisfy demand?

Page 12



The lobster mountain

A year in the life of club class travel

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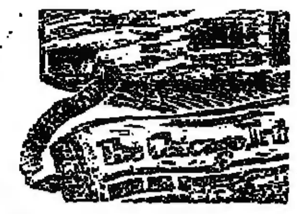

On their marks

US newspapers race to go online

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FINANCIAL TIMES

Europe's Business Newspaper — MONDAY AUGUST 29 1994 — D8523A

Viacom poised to sell Madison Square Garden for $1.1bn

US entertainment group Viacom was last night poised to sell its Madison Square Garden unit to Cablevision and ITT for almost $1.1bn. The bid by the *Long Island*-based cable company and the financial services and hotels group reportedly topped a $1bn rival bid said to have been offered by Liberty Media, another cable company.

Viacom acquired MSG when it bought Paramount Communications for $10bn earlier this year. It has since been trying to sell the unit – which includes the Manhattan arena and a cable television sports channel – to help offset the $9bn debt it took on to pay for Paramount.

T&N in talks with Metallgesellschaft: UK engineering group T&N is believed to be talking to Metallgesellschaft about the potential acquisition of the troubled German giant's 47 per cent stake in vehicle components maker Kolbenschmidt. Page 16

Balladur tops polls: French prime minister Edouard Balladur has the highest approval rating of any French premier for 24 years, an opinion poll shows. Page 2

Anglo-American Corporation, South Africa's largest group, hopes to merge with a European foods company following its $240m acquisition of Del Monte Foods International in 1992. If the European move goes ahead it will double DMFI's annual turnover to £1bn. Page 15

Russia backs gold market plan: The Russian government is encouraging plans to create a domestic securities market for gold bullion. The aim is to establish an internal price for gold and raise capital to develop the industry. Page 15

Kohl hits the campaign trail: German chancellor Helmut Kohl launched his campaign for October's general election, presenting himself and his Christian Democrats as the only guarantors of a secure future for Germany. Page 14; Kohl defence pledge, Page 2; Editorial Comment, Page 13

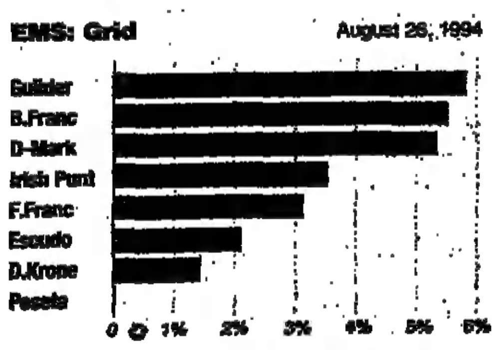
Mandela told to rest: South African president Nelson Mandela has been ordered to rest. He had a cataract operation last month and foreign minister Alfred Nzo said Mr Mandela needed to rest for his eye to heal properly.

China accused over transplants: International human rights group Human Rights Watch/Asia accused China of using organs from executed convicts for transplants without their consent and said some prisoners were kept alive until their organs had been removed.

Morocco and Algeria tense: Algeria closed its border with Morocco after Rabat said it would demand entry visas. Diplomats said the dispute was a fresh blow to hopes of uniting Algeria, Morocco, Libya, Tunisia and Mauritania into a common market.

European Monetary System: The Dutch guilder stayed on top of the EMS grid last week, while the Belgian franc caught up with the D-Mark. The Irish punt moved above the French franc and the Portuguese escudo kept its place despite a 50 basis point cut in interest rates on Friday. The spread between strongest and weakest currency shrunk slightly. Currencies, Page 27

EMS: Grid — August 26, 1994



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies can fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a narrow 2.25 per cent band.

China launches satellite: A Chinese rocket launched an A$200m (US$150m) Australian telecoms satellite into orbit. Twenty months earlier, a predecessor had been destroyed in a failed launch in China.

Khmer hostages 'still alive': Three western hostages – two Australians and one Briton – were alive and would be freed by their Khmer Rouge captors in south Cambodia *if the government army* stopped attacking their base, an official intermediary said.

Egypt on the alert: Egypt has tightened security at hotels and tourist sites after Moslem militants *warned foreigners* to stay away from a controversial UN population conference which is expected to attract 20,000 participants.

Kenya sacks doctors: Kenya's government said it had sacked most of 3,000 public-sector doctors who in June began a pay and conditions strike that has virtually closed state hospitals. Strike leader Givan Ateka said the dismissal was illegal and he would contest it.

Kopek kaput: The kopek, Russia's smallest denomination coin, is to be withdrawn. The coin, introduced in 1704 and now rendered worthless by inflation, is officially valued at $0.0000046.

Schumacher disqualified: Belgian Grand Prix officials disqualified Germany's Michael Schumacher because of a rule infringement, giving victory to Briton Damon Hill instead.

China to slow reforms as Li Peng warns of unrest

By Tony Walker in Beijing

China applied the brakes to its programme of economic liberalisation at the weekend, with pledges of financial assistance for *ailing state enterprises* and calls for local government intervention to restrain prices.

Chinese newspapers gave prominent coverage to a speech in Beijing in which premier Li Peng warned of growing tensions in society due to economic hardship and outlined a new strategy to deal with the problems of inflation and faltering state enterprises. The official China Daily newspaper reported that the *government now* intended to "rescue" a number of ailing state-run companies in 18 cities.

The apparent shift in sentiment reflects increasing official concern about the risk of social unrest among disaffected workers who have either lost their jobs or are on reduced wages.

About half of China's 10,000-11,000 large to medium state-owned enterprises are reportedly running at a loss, and perhaps as *many as a third are virtually* bankrupt. For much of this year the government has talked about driving hopeless cases into bankruptcy, but it appears to have backed away from this threat.

"A number of state-owned *enterprises are in difficulty* and the real income of workers has dropped in enterprises with poor economic results," said Mr Li.

"Without a strong and highly efficient body of state-owned *enterprises, there would be no* socialism with Chinese characteristics," he said.

Mr Li, in his speech to an enlarged state council, or cabinet, said fighting inflation would *be the government's top priority for the rest of this year.* He urged localities to take "effective measures" to curb price rises, and to enforce a price freeze.

The state council last week ordered the freeze on costs of ser*vices such as transport and elec*tricity following publication of July inflation figures which showed that urban retail prices jumped 24.2 per cent compared with the same period last year.

Beijing has also called for a drive against food price rises, the main cause of the inflationary surge. Commodities are being released from government stockpiles to stabilise prices.

"Prices have risen too fast and *inflationary pressure is still too* big," Mr Li said. "Basic facilities for agriculture are fragile, resulting in huge losses due to floods and drought."

Emerging investor, Page 19

European interest rate policies attacked

Vice-chairman of Fed urges cuts to boost employment

By George Graham in Jackson Hole, Wyoming

European central banks should cut interest rates to reduce unemployment, Mr Alan Blinder, the vice-chairman of the Federal Reserve Board, urged at the weekend in a stinging attack on European monetary policy.

At a conference of central bankers in Jackson Hole, Wyoming, Mr Blinder, who was appointed to his post by President *Bill Clinton, singled out* European central banks for criticism.

"The job of a central bank is to push the employment rate up to its natural level, but no further. By that criterion, the US is, I

Strict jobs agenda ......Page 12

believe, extremely close to on target, and the European Union is, I believe, quite far from on target," he said.

Mr Blinder's remarks sparked a clash with Mr Hans Tietmeyer, *president of the German Bundes*bank, who sharply rebuffed the criticism. Mr Tietmeyer said: "I regard the unemployment in western Germany as very largely being a structural problem. Monetary policy cannot be expected to make an active and direct contribution to a lasting reduction in unemployment."

Mr Blinder's new colleagues at the Fed also appeared uncomfortable with the implication of a less than single-minded devotion to the battle against inflation.

However, while arguing that central banks could do nothing to influence the unemployment rate over the long term, Mr Blinder maintained that the purpose of monetary policy should extend beyond the need to reduce inflation.

This position appeared to contradict remarks made on Friday by Mr Alan Greenspan, the Fed chairman, in a speech opening the conference, organised by the Federal Reserve Bank of Kansas City.

Although policymakers around the world agreed, said Mr Greenspan, that persistently high levels of unemployment were costly, "any tendency to seek a bit of *macro policy relief* by *pushing* on the outer limits of monetary policy, risks longer-term financial instability".

Mr Greenspan warned that delay between a monetary policy change and its impact upon the economy was so long that attempts to forecast the economic consequences of interest rate changes were probably doomed to failure.

International monetary officials concurred that using unemployment as a target to guide interest rate policy was fraught with the danger of overheating *the economy*.

Mr Blinder's remarks may confirm fears of some financial market analysts worried that the Clinton administration might seek to tilt the Fed away from its hawkish line on inflation as seats on the Fed board fell vacant. However, any difference of opinion between the Clinton nominees and the Fed incumbents on the role of the central bank has not caused a rift over US monetary policy.

Mr Blinder, a Princeton University economist who served on the White House council of economic advisers before joining the Fed in June, believes the bank has done what was necessary to reduce unemployment in the US.

US marines search Cuban refugees at the Guantánamo Bay naval base after they were picked up from rafts on their way to Florida Picture: Reuter

Cuba and US agree to refugee talks

By James Harding in Washington

Cuba and the US are to hold talks on migration to address the Cuban refugee problem, the US announced at the weekend. However, the two countries will not discuss the Washington-imposed trade embargo on Cuba or the US presence at the Guantánamo Bay naval base in Cuba.

The talks, scheduled to take place in New York on Wednesday or Thursday, would "deal with issues related to the promotion of *legal, orderly and safe migra*tion", said Mr Michael McCurry, US State Department spokesman.

Mr Warren Christopher, US secretary of state, said yesterday: "We're going to talk with the Cubans on the one subject where we've got something to talk about, and that is migration... On other subjects, we really don't have very much to say to Castro."

President Fidel Castro last week called for comprehensive talks with the US administration.

The US and Cuban governments have conducted periodic migration talks since 1984, covering issues such as hijacking, prevention of alien smuggling and the return of criminals. The meeting this week is a resumption of those working-level discussions, State Department officials said.

Mr Castro followed the decision to discuss migration with an order, reported in Juventud Rebelde, the Havana newspaper, prohibiting the departure of unsafe boats and rafts carrying children.

The order may be interpreted as a tiny concession to the US, which has felt that the flood of Cuban refugees attempting to come to the US by boats or rafts *in the last month has been made* possible by Mr Castro's border patrol turning a blind eye.

Meanwhile, stormy weather in the Straits of Florida continued to deter Cubans from attempting the crossing. The coastguard picked up 130 people on Saturday, but had found no further refugees by midday yesterday. The dramatic fall in numbers comes at the end of a month that has seen 17,100 Cubans flee for the US.

Administration officials yesterday acknowledged that the weather had contributed to the drop in numbers but said it was *also an indication that Cubans* were beginning to understand that they would not get into the US if they fled by boat. Cubans were getting better information about how to emigrate legally to the US, officials said.

Mr Christopher said he believed it was a positive sign that more than 200 refugees being detained at the Guantánamo Bay base had asked to be returned to Cuba in the past few days.

Although the White House last weekend said a blockade was not out of the question, Mr Peter Tarnoff, US deputy secretary of *state, said: "We are not contem*plating a blockade."

Hopes rise of IRA ceasefire after Sinn Féin hints of peace

By Tim Coone in Dublin

Speculation that the IRA may be on the verge of calling a general ceasefire was mounting *last night* after Mr Gerry Adams, the president of Sinn Féin, the IRA's political wing, announced that the "essential ingredients" for an approach to peace "may now be available".

Mr Adams, in a joint communiqué issued in Northern Ireland with Mr John Hume, the leader of the nationalist Social Democratic Labour Party (SDLP), said that "significant progress" had been made towards the conditions necessary for a "peaceful and democratic accord". The statement, in which they said *they were hopeful that the peace* process could be moved forward, came after a week of suggestions and hints that the IRA may be about to call an extended cease*fire in an attempt to put pressure* on the British and Irish governments to make concessions over possible peace talks.

They warned that: "In any new situation there is a heavy onus on the British government to respond positively, both in terms of the demilitarisation of the situation and in assisting the search for an agreed Ireland by encouraging the process of national reconciliation."

There is growing expectation that an extended IRA ceasefire will be announced during this week. Although most unlikely to be a declaration of a permanent end to the IRA's 25-year military campaign, there are hopes in that it could mark the first step in de-escalating the conflict.

London and Dublin would almost certainly react to even an extended ceasefire by saying it did not amount to a permanent cessation of violence and so did not justify allowing republican leaders into political talks on Northern Ireland's future.

Whitehall officials have been particularly heartened by the hard line recently taken on this issue by Mr Dick Spring, the Irish foreign minister.

But an open-ended ceasefire would put the two governments under intense pressure to make

Continued on Page 14

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lev60.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Peso50	Syria	S£50.00
France	FFr9.50	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal(cont'land)	Es225	Turkey	L30000
						UAE	Dh12.00

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Kohl pledge on defence spending

By Michael Lindemann in Bonn

Chancellor Helmut Kohl has assured anxious army commanders that years of defence cuts, which have dented morale and held up modernisation, have ended and that the armed forces budget will be increased slightly and will remain untouched over the next four years.

In an unusual secret meeting last Thursday with around 30 senior commanders of the Bundeswehr, the German armed forces, the chancellor promised that the military would receive DM47.9bn ($19.7bn) plus inflation over the next four years. This year's defence budget stood at DM47.5bn.

Further savings will also be available for new investments following a decision in July to shorten the length of military service from 12 months to 10 months and a planned reduction of the Bundeswehr to 340,000 men and women by the beginning of 1996.

The savings mean that 30 per cent of the defence budget will be given over to new investments, up from the present 22 per cent, a spokesman said.

The government initially released no details of the meeting with the army commanders so as to avoid the impression of a campaign stunt ahead of the October general elections, according to the Welt am Sonntag newspaper.

The armed forces' morale has been battered in recent years, with cuts in defence spending coming just as the Bundeswehr integrated with the 170,000-strong Nationale Volksarmee, the armed forces of the former East German state.

A report by the armed forces ombudsman in March said officers and soldiers were bewildered by the political confusion surrounding the future of the Bundeswehr and were having to shout "bang bang" on military exercises because there was no money for the blank ammunition which is usually used.

The mood in the Bundeswehr was not improved by numerous reports of confusion in the upper echelons of the defence ministry and criticism by many senior commanders of Mr Volker Rühe, the defence minister, over the management of the spending cuts.

A defence budget of DM47.9bn was first mooted during talks in July when the decision was made to shorten national service. In 1990, the last year before extraordinary savings were needed to fund German reunification, the defence budget stood at DM52.6bn.

Mr Kohl's decision gives the defence ministry a sum with which it can continue its strategic planning for the next four years, a defence ministry spokesman said yesterday.

Chancellor Helmut Kohl addresses party members in Dortmund yesterday — Reuter

Swedish opposition expects victory

By Hugh Carnegy in Stockholm

With less than three weeks before Sweden's general election, the opposition Social Democratic party is set for a decisive victory over the reformist coalition led by the prime minister, Mr Carl Bildt, according to opinion polls.

A poll published yesterday in the newspaper Svenska Dagbladet showed the Social Democrats strengthening their lead to 50.8 per cent compared to a similar poll in June, while the combined support for the four government parties slipped to 40 per cent from 40.8 per cent.

Two other nationwide polls in the past week showed a similar gap. The worst for the Social Democrats, in Dagens Nyheter on Friday, showed a small gain for the coalition, led by Mr Bildt's conservative Moderate party. But it still gave the Social Democrats 49.5 per cent support – enough to hold a majority in the Riksdag if repeated in the election on September 18.

The striking pattern in all the major polls has been the stability of the Social Democratic lead since the spring, with the party consistently polling around 50 per cent or just above.

This has defied the hopes of Mr Bildt, who expected a strong swing towards the government as the economy returned to growth after three years of recession. Instead, deepening concern over the perilous state of the public finances has created an atmosphere of economic crisis rather than recovery.

The Social Democrats have come under great pressure from financial markets, forcing them 10 days ago to detail a programme of tax cuts and savings to attack the budget deficit. But the electorate at large has so far apparently not shared the lack of confidence in the party's economic policies shown by the markets.

The growing expectation is that the Social Democrats – handed their worst defeat since the 1930s in the 1991 poll as the economy slid into recession – will bounce back into government, which they dominated for most of the past 50 years.

Mr Bildt is now desperately attempting to win back the initiative by reminding voters of the Social Democrats' past failures, their commitment to an overblown public sector and their preference for tax increases. But most voters seem to be concerned to preserve rather than reform the cherished welfare state.

Such is the confidence of Mr Ingvar Carlsson, the Social Democratic leader and former prime minister, that he is retreating to the mountains for several days this week to plan for government. So far he has avoided Mr Bildt's challenge to meet him in a face-to-face television debate, perhaps the best chance left for the articulate prime minister to save his job.

Brussels calls time for EU late-payers

Jenny Luesby on an issue the Commission sees as impeding the single market

Across Europe, recession has seen companies taking longer to pay suppliers, boosting their own cashflow at the expense of their business partners. And despite tentative economic recovery – and much piety about business ethics – late payment is a prop that companies are proving slow to relinquish.

The European Commission believes late payments are hindering the development of the single market and acting as a deterrent to cross-border trade. It argues in a draft recommendation, now with member governments for their comments, that businesses "hesitate to commit themselves to cross-border trade because they are worried about exaggerated payment periods, and it is widely believed that it is far more difficult to recover debts abroad than in the home country".

Mr Stan Mendham, head of the Forum of Private Business, representing 22,500 small businesses in the UK, argues that late-payers are also hindering recovery. "Our economies are being held back from growing out of recession, because people cannot get their bills paid on time," he says.

In an effort to ease the problem, the Commission is proposing, after several years of consultation with businesses across Europe, a package of measures which include:

- a statutory right to interest at commercial rates, and compensation, for late payment;
- a simplification and extension of court procedures to seek redress against late payment;
- a statement of payment terms on invoices;
- the disclosure in annual accounts of a company's payment policies and performance;
- allowing value added tax to be paid only on payments received.

One step short of a directive, a Commission recommendation does not require members' approval. Brussels can simply issue it, after consultation, on the basis that it should be acted on but is not legally binding. However, the recommendation is backed with the threat of a directive if it has brought no results within two years.

Whether such a threat could be carried through is uncertain. There is a large and vocal business lobby in favour of legislation to curb late payments, but it faces opposition.

Although the UK has the worst record for late payment within the EU, the British government is the firmest opponent of binding legislation. It recently concluded an extensive consultative process with British businesses, followed by a ministerial review on late payments policies. In May, it announced in its white paper on competitiveness that it would not be introducing statutory interest.

Pointing to fears that the measure could make matters worse for small companies – deemed to be most at risk from late payments – it argued that larger companies would move to protect themselves from incurring interest charges by seeking longer credit periods. The result would be later payments from prompt customers as well as from the not so prompt.

Within the EU, contractual payment periods vary from an average of 20 days in Germany, through 30 days in the UK, to 60 days in France and longer in Italy. However, payments are an average 18 days overdue in Germany, 23 in the UK, 19 in France and 20 in Italy.

As a result of these late payments, invoices in the Union take an average of 66 days to be paid, with a quarter of businesses having to wait more than 90 days to be paid, says the Commission.

Whether punitive interest would lead to longer contractual payment periods would depend on the relative strengths of buyer and seller in negotiating terms. But, says Mr Bo Goranson, chief executive of Intrum Justitia, Europe's largest debt collection group, even if the result was longer agreed payment periods, companies would be dealing with greater certainty and could budget, or increase prices, accordingly.

But the UK government is concerned about the danger of over-regulation. It is also doubtful about the Commission's assertion that payment periods and late payments are deterring trade, describing it as an assumption that has yet to be borne out by research. Even if true, there is little evidence from EU members that introducing statutory interest improves payment performance, it says, pointing to the lack of improvement in France, which introduced binding legislation on late payments 18 months ago.

But campaigners for legislation argue that the introduction of statutory interest in Sweden, for example, in the mid-1970s has seen a fall in late payments to an average of just seven days.

UK Department of Trade and Industry officials also argue that shaming companies into improving their record through pushing them to publish details is impractical. There is ample scope for companies to hide poor records through a few large payments at the end of the accounting year, they say. And the introduction of the sort of "foolproof" sampling used to assess government departments' performance would increase auditing costs far beyond what could be justified by the gains.

The debate is muddied by the existence of a sizeable, if hidden, band of beneficiaries from late payments, enjoying free loans.

However, in opposing legislation, Britain will be doing battle twice – within the EU, and within its business community. The government says that while a majority of businesses it consulted favoured legislation, there was no consensus.

The Commission, however, found during its consultations that businesses "think that the existing legal framework is not sufficiently dissuasive for bad payers". And last month, Intrum Justitia published a study showing that an overwhelming majority of businesses surveyed in the UK wanted statutory interest to combat late payments.

Even Britain's usually anti-regulatory Institute of Directors has come out in favour of legislation after pressure from its members, many of them small businesses vulnerable to late payers. They want action, they say, because their cash flows and profits are suffering.

Poles win easing of debt position

By Christopher Bobinski in Warsaw

More than 95 per cent of western commercial banks and other holders of $13.2bn worth of Polish debt have agreed to a debt buy-back component in the country's debt reduction agreement, Mr Grzegorz Kolodko, the country's deputy premier and finance minister said at the weekend.

This means that the value of the debt reduction for Poland will increase to over 49 per cent from the 42-46 per cent originally mooted because more debt holders than expected have opted to sell back their paper to the Poles at 41 cents to the dollar.

Further details of the Brady-style arrangement – so-called after a 1989 initiative by the then US Treasury secretary Nicholas Brady – are due to be revealed today by Mr Krzysztof Krowacki, the chief negotiator of the deal which is to be signed on September 13.

As late as mid-July the Poles were still a few percentage points short of the 95 per cent threshold legally required for the buy-back to go ahead. Some debt holders had been refusing to go along with the agreement, believing the terms too generous.

Failure to cross the 95 per cent threshold would have meant that the Poles could have only gone ahead with exchanging debt for par bonds and discount bonds which the deal values at 55 cents to the dollar and which have proved to be the most popular option chosen by the debt holders.

The agreement will initially cost the Poles over $2bn, to be financed from foreign currency reserves and from loans from the International Monetary Fund and World Bank.

Russian PM warns on debts

By John Thornhill in Moscow

Mr Victor Chernomyrdin, Russia's prime minister, has vowed the government will take a tough line on the problem of inter-enterprise debt, and he appeared to reject calls for the government to intervene with state funding.

In an interview with the Interfax news agency yesterday, Mr Chernomyrdin described debts between Russian companies as one of the most pressing issues facing the economy. But he indicated the government would not help ease the problem by injecting fresh credits into the economy.

Inter-enterprise debt has accumulated as companies have continued to supply each other with goods and services without securing payment. The failure of companies to pay their bills has led to a snowballing of the debt, paralysing the financial system.

Estimates put the total level of indebtedness at around Rbs90,000bn ($27bn at the market rate). The government has been under intense pressure from cash-starved companies to loosen its monetary policy and has partially relented by granting some cheap credits to the defence sector and heavy industry. But economists have warned this will only stimulate another surge of inflation.

Mr Chernomyrdin said the government was working on a package of measures to force debtors to use their hard currency funds to pay their debts. He also hinted the government would introduce greater powers of disclosure to find out the true financial state of particular enterprises.

He even suggested some branches of the economy should introduce price freezes to help alleviate the debt burden, echoing the views of Mr Alexander Shokhin, the economics minister.

Mr Chernomyrdin said the railway, coal, iron and steel industries had all reached an agreement not to raise their tariffs this year. "I think the next stage will be when they agree not to raise wages during the same period of time or, for instance, to keep them at the same level. This is a civilised market mechanism working all over the world. I think we will get used to applying it."

Mr Chernomyrdin said federal intervention to resolve a similar problem in 1992 had been a serious mistake. "Enterprises can carry out mutual conciliation of debt at the regional level and within their branch of industry," he added.

Kozyrev pressure on Serb leader

By Laura Silber in Belgrade

Mr Andrei Kozyrev, the Russian foreign minister, yesterday renewed efforts to further isolate the Bosnian Serbs by trying to persuade Serbian leaders to allow international supervision of their frontier with Bosnia in exchange for the easing of sanctions.

At the same time – despite intense pressure from the international community and Serbia proper – a No-vote was expected at the close of a two-day Bosnian Serb referendum on an international peace plan that would divide Bosnia roughly in half.

Mr Kozyrev's mission to Belgrade is the first visit by a member of the so-called contact group of negotiating nations since President Slobodan Milosevic of Serbia announced a trade embargo against his former Bosnian Serb protégés for rejecting the plan.

Even in exchange for the easing of sanctions – most likely the opening of the airport in Belgrade and the lifting of a ban on international sports competition – Mr Milosevic so far has resisted the proposal to station international monitors on the border with Bosnia.

French rate their prime minister highly

By Alice Rawsthorn in Paris

The presidential ambitions of Mr Edouard Balladur, the centre-right French prime minister, were boosted yesterday by an opinion poll showing him with the highest approval rating of any French premier for 24 years.

The poll, conducted by the IFOP research consultancy for the Journal du Dimanche newspaper, suggested that the proportion of the French public approving of Mr Balladur's performance had risen to 68 per cent at the end of last week, from 58 per cent a month ago.

This score gives the avuncular Mr Balladur the highest approval rating of any prime minister since Mr Jacques Chaban-Delmas hit 66 per cent in November 1970. Mr Chaban-Delmas, a centre-right reformist who was premier under Mr Georges Pompidou, saw his popularity soar during a period of frenetic growth.

Mr Balladur's stature has risen for different reasons. The French economy is still in a fragile state, although his standing among the electorate has undoubtedly benefited from the recent stream of encouraging indicators. But the main factor behind his ascent is his success at playing the role of de facto president during Mr François Mitterrand's recent illness.

Since undergoing prostate surgery last month, Mr Mitterrand has withdrawn from public life. His absence has left Mr Balladur in charge at a time when the political agenda has been dominated by foreign issues which would usually be the preserve of the president such as the capture of the terrorist Carlos and the crises in Algeria and Rwanda.

Mr Balladur has thus been able to cast himself in a presidential mould. He has also been helped by the role played by Mr Charles Pasqua, his pugnacious interior minister, who has handled controversial issues such as the police crackdown on potential terrorists.

As a result Mr Balladur's popularity has soared way above that of Mr Jacques Chirac, the mayor of Paris who is his chief competitor for the right-wing presidential ticket. "He is no longer prime minister, he is already a president," said the editorial of yesterday's Journal du Dimanche.

The presidential elections are only eight months away but Mr Balladur would do well to heed the fate of Mr Chaban-Delmas. He won his record approval rating on the eve of the first oil shock which sent the French economy into recession. His popularity plummeted, and, worse still, he was fired by Mr Pompidou.

Immigrants fall victim to Greek-Albanian tensions

James Whittington watches thousands of illegal workers, rounded up in Athens and bused to the frontier, herded back over the mountains at Kakavia

At 5.30am, 12 buses wound their way up a narrow mountain pass in northwest Greece to a small border post on the frontier with Albania on the last leg of a six-hour journey from Athens.

The early morning peace was shattered as nearly 1,000 tired and confused Albanians were led by policemen from the buses to a padlocked border gate. Watched over by the Greek army, they spilled through the six-foot opening and past a sleepy Albanian guard. By the end of the day, over a thousand more had made the crossing, bringing the number of Albanians expelled by Greece as illegal immigrants since August 15 to more than 20,000.

Most of the deportees have been rounded up in what is becoming one of the biggest purges of Albanian immigrants by the Greek authorities in modern times. It comes against a background of deteriorating relations between the two states which threatens to further destabilise the southern Balkans.

The deportees are mainly young men who, like hundreds of thousands of others, had sought employment as cheap labour in Greece. Nearly all entered the country illegally trekking for days across the mountains that divide the two countries. With Albania's economy struggling to cast off the shackles of the former Communist regime, the money they send home has made an important contribution to the country's balance of payments. Last year, remittances from Albanians in Greece were around $330m, compared to an estimated $125m in visible exports.

Now they are being sent back, carrying few personal possessions and complaining that furniture, rent deposits and bank savings had all been left behind. Landlords and employers in Greece have been asked to hand over all Albanian immigrants for screening, and many more are expected to be deported.

Before he was picked up by the police, 29-year-old Kostmas had been living in Athens for four years and was soon to receive official residency papers. He worked as a labourer in a magazine depot and said he had been held in a detention camp for three days before being expelled.

"I knew that the police were searching for us but I thought I'd get away. This has ruined me. I have no job, no money and nowhere to go. All I can do is wait for the present problems to die down and then return to Greece," he said before hitch-hiking to Tirana, the Albanian capital.

Normally, the Greek authorities send only a hundred or so illegal immigrants back to Albania every week. But since the opening of a court case in Tirana in which five members from the country's Greek minority are being tried on charges of possession of weapons and espionage, the numbers have increased dramatically.

The trial has ignited long-running tensions between the two countries and revived claims by Tirana that Greece has territorial designs on south Albania, and by Athens that Albania is persecuting its Greek minority. Greece has complained that the court case is a set-up and, besides the mass deportations, has blocked European Union aid to Albania worth Ecu35m (£28m) in an attempt to have the trial stopped. It has also rejected Tirana's offer of talks and threatened to step-up its military presence in the area until the government's treatment of the minority improves.

No-one knows the size of Albania's Greek minority. The Albanians claim there are about 60,000, out of a population of 3.4m; the Greeks say there are up to 300,000. Most live in the south in an area which Greece still calls North Epirus. They are Greek in all but nationality, speaking Greek rather than Albanian and practising Greek Orthodoxy rather than Islam, which is the country's dominant faith.

Under the Communist regime which collapsed between 1990 and 1991, the minority was repressed like the rest of the population. Religion was banned in 1967 and social progress was made only through the organs of the Communist party. Now, under a democratically elected government, they are demanding their own secondary schools and university education in Greek along with full representation in the police, military and civil service.

The Omonia political movement, which promotes their rights as a minority with funding from Greece, accuses the governing Democratic party of discrimination. Not only have the Albanian authorities turned down all requests for new Greek schools, but they have forbidden the use of Greek in church services. The Athens government has jumped on this and warned it was preparing measures to protect the minority. "Greece is ready to defend all its interests and at the same time protect, with all its means, the Greeks in Albania," Mr Andreas Papandreou, the prime minister, said last week.

Quite how far Greece is willing to go to back this statement up is unknown. Today in Tirana, the prosecution is due to sum up its case against the five men, all of them members of Omonia. It is expected to accuse them of encouraging separatist designs for the Greek minority, possession of weapons, and receiving support and funds from the Greek intelligence services. A guilty verdict is expected at the end of the week.

In the meantime, bus loads of Albanians continue to arrive at border posts and nationalist tensions in the region continue to grow.

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NEWS: INTERNATIONAL

Unemployment is mostly structural and therefore not their problem, **George Graham** hears in Jackson Hole, Wyoming

Bankers gather to worship the new orthodoxy

Central bankers from 19 countries gathered this weekend at the invitation of the Federal Reserve Bank of Kansas City in the shadow of the Grand Teton mountains to discuss unemployment, and came away with a reassuring message: it is not their problem.

A bevy of academic economists agreed that most of the high unemployment rates in industrialised countries was attributable to structural factors – principally, the way the welfare state distorts an unemployed person's incentive to work – and not to the cyclical, demand factors which are within a central bank's power to influence.

Heads nodded piously in the audience as Professor Paul Krugman of Stanford University said that it was now all but universally accepted among academic economists, though still suspect to politicians and journalists, that there was a "natural" rate of unemployment. A central bank could expand demand and push the actual rate of unemployment below this level, but only at the expense of accelerating inflation.

Professor Krugman argued that there was a technology-driven trend towards inequality that Europe's generous welfare systems turned into lower employment and the US's more flexible labour markets allowed to pass into widening income gaps.

Although Professor Charles Bean of the London School of Economics argued that a central bank could actually help to lower this natural rate by allowing a slight degree of additional inflation to accompany structural reforms, the overwhelming view was that monetary policy could influence only the short term rate of unemployment; in the long run, unemployment would tend to converge on its natural rate.

"Where employment is concerned, in the short run, macroeconomics is everything, and in the long run, macroeconomics is nothing," concluded Mr Alan Blinder, once an academic economist himself but now the new vice-chairman of the Federal Reserve Board.

This is music to the ears of most central bankers, who have long been defending themselves against the accusation that they are buying lower inflation at the expense of higher unemployment.

"I am very happy with this general theme of the long run absence of any trade-off between inflation and unemployment," said one senior Fed official. Another added: "Not only is there no unemployment/inflation trade-off, but there are positive gains for employment from a low inflation environment."

The natural unemployment rate theory has precise implications for US monetary policy, for although Fed officials are not as precise in their estimate of this rate as Professor Edmund Phelps of Columbia University – who estimates it at around 6.45 per cent in 1993 – they concur that it is very close to the current US unemployment rate of 6.1 per cent.

"Some people think we've passed it, some people think we have a little way to go. Very few people think we're very far from it," said Mr Blinder.

Some Fed governors say they are comfortable with the notion of a rate of around 6.25 per cent. "I wouldn't quarrel with someone who said 6, but 5 is low and 7 is high," said one.

That implies that unemployment in the US has already shrunk to the point where any further decline could trigger pressure on wages and a rise in inflation, and so justifies the Fed's recent decision to raise interest rates – in the face of criticism from some Democratic members of Congress that this threatened to kill off the economic recovery prematurely.

For the Clinton administration, which is not anxious to see excessive tightening of monetary policy, the Fed's certainty about the level of the natural unemployment rate creates a difficulty.

"Our problem in the administration is to prevent anything rash and sudden, and hope that if we can prove over the next two or three years that you can keep unemployment in the low 6s without accelerating inflation, then we can argue convincingly that the natural rate is lower," one administration economist said.

For Europe, there is much less certainty over where the natural rate lies, although most agree that it has risen substantially in the last decade. Nevertheless, it appears evident to US economists and policymakers, though not to all of their European counterparts, that at least some of current unemployment in the European Union – perhaps 2 or 3 percentage points – is cyclical in nature, and that central banks could still do more to reduce unemployment by expanding demand.

America's fast trains are a long time coming

It is now accepted that the private sector alone will not build high-speed railways, says **Richard Tomkins**

The US exists in a time warp when it comes to rail services. Chugging along at a maximum speed of 79 miles per hour, its passenger trains have been left behind by developments in rail technology. The Sunset Limited, a prestige transcontinental service, takes three days to hurtle from Los Angeles to Miami, averaging 42 mph.

Just for a while, it seemed that the US might be ready to take a leap into the high-speed era. In Texas, a private sector consortium planned to link the state's biggest cities with a 200 mph system based on France's *train à grande vitesse*. The consortium had a franchise from the state government and a detailed financing plan. But 10 days ago the project collapsed through lack of funds.

Is that the end of the American flirtation with high-speed rail? Possibly not. Increasing strains on road and air transport have led to a proliferation of ideas for high-speed and magnetic levitation rail systems in the US. The difficulty is getting them off the drawing board.

The big problem any US rail project faces is that most Americans never take trains. Fuel is so cheap and car ownership so widespread that people use the roads for short-to-middle-distance journeys. Over longer distances, where rail cannot compete with air travel, they take the plane.

In Texas, the competition weighed even more heavily against the state's high-speed rail project because the cities it would have served – Dallas, San Antonio and Houston – were linked not only by good roads, but by Southwest Airlines, one of the lowest-cost airlines in the US.

Speeding up trains on existing lines might seem a cheaper solution but is not easily done. While US passenger trains are run by Amtrak, a public sector corporation, the rail tracks are owned by private sector freight railroads, so passenger trains have to jostle for space with slow-moving freight trains. And even when there is no freight train ahead, passenger trains cannot exceed 79 mph because of the technical limitations of the signalling systems.

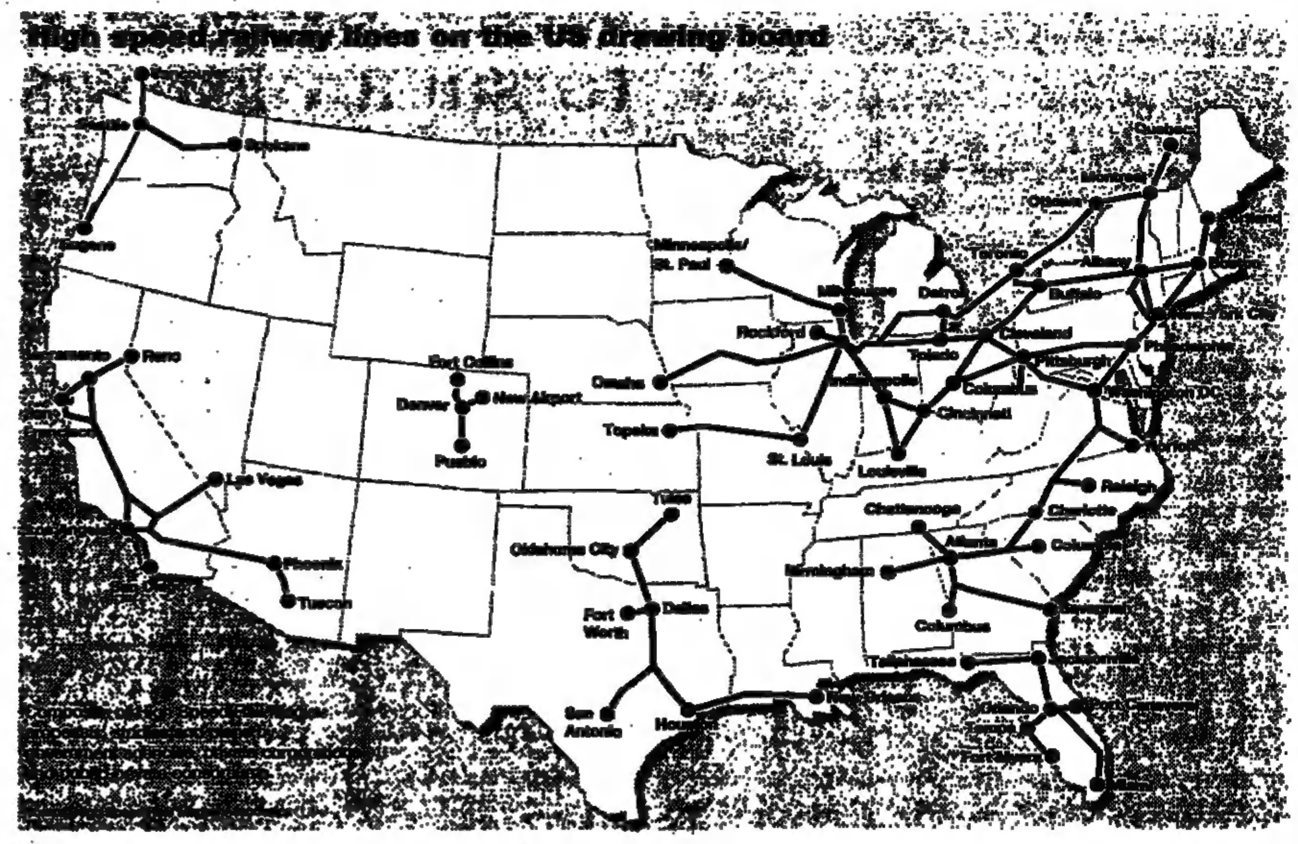
A notable exception to this general rule is the north-east corridor between Washington, New York and Boston, where Amtrak runs the tracks as well as the trains. Here, it already runs the 125 mph Metroliner service. Soon, it plans to increase speeds to 150 mph by upgrading the tracks and buying new trains – possibly ones like Sweden's X2000 trains, which lean into bends.

In the rest of the US, however, entirely new rail systems will be needed. Paradoxically, these look more likely after the failure of the Texas project. This is because state and federal governments now accept that the private sector alone cannot build profitable high-speed railways.

The most promising scheme is in Florida, where the state government is preparing to invite bids for the construction of a high-speed system linking Tampa, Orlando and Miami. Unlike the government of Texas, which barred public sector involvement in its high-speed scheme, Florida's government says it is prepared to pay up to 100 per cent of the constructions costs and cover up to 50 per cent of any operating deficit, if that is what it takes to get the system built.

Finding the cash, however, is another matter: Florida's department of transportation says any state contribution would be subject to the availability of funds, and it doesn't have the money right now. And planning the project will take so many years that, if the railway is built at all, it is unlikely to be until well into the next century. Like US passenger trains today, it seems, high-speed rail is going to be a long time coming.

High speed railway lines on the US drawing board



NEWS IN BRIEF

Morocco and Algeria border shut in visa row

Simmering tension between Algeria and Morocco has erupted into a full-blown dispute over entry visas, with Algeria closing the border and newspapers on both sides trading insults, Reuter reports from Rabat.

Moroccan newspapers said Morocco's decision to demand entry visas following the killing of two Spanish tourists during an armed robbery in the lobby of a luxury Moroccan hotel was "legitimate self-defence". Algeria accused Morocco of victimising individual Algerians.

Kenya sackings

Kenya's government said yesterday it had sacked most of the 3,000 public-sector doctors who began a strike in June that has virtually closed state hospitals, Reuter reports from Nairobi.

The letters gave doctors six weeks to appeal. Strike leader Givan Ateka said the dismissal was illegal and he would contest it in court. The doctors are on strike to press for registration of a union, higher salaries and housing allowances and improved health facilities.

Nigeria arrests

The military administrator of Nigeria's oil-producing Rivers state announced the arrest of saboteurs who tried to blow up pipelines and flow stations, state radio reported yesterday, Reuter reports from Lagos. A strike by oilworkers aimed at forcing the military government out of office enters its ninth week today.

Québec poll

Polls showed the separatist Parti Québecois under Mr Jacques Parizeau maintaining an overall 4-5 point lead two weeks before the September 12 Quebec elections, and a 20 point lead among the Province's majority Francophone voters, writes Robert Gibbens from Montreal.

Call for end to Iraq sanctions

Jordan and Turkey yesterday called for an end to United Nations sanctions against Iraq and urged its return to the international fold, AP reports from Amman.

In a joint press conference, King Hussein and visiting Turkish President Suleyman Demirel also said that stability brought by an Arab-Israeli settlement would lead to an increased co-operation between their countries.

On Iraq, Mr Demirel said: "We do believe that the sanctions should be lifted as soon as possible and then Iraq should return to the international community.

"If Iraq continues to be isolated, its territorial integrity will be hard to maintain," he added at the end of a day of talks with King Hussein.

"Certainly, we hope that we will see Iraq once again taking a vital role in this region," said King Hussein, who was perceived as pro-Iraqi because of his refusal to join a US-led coalition that expelled Iraq from Kuwait in 1991. The king advocated a diplomatic solution to the crisis.

In sharp contrast, Ankara gave solid support to the coalition. But economic and political interests have led Turkey to renew ties with Iraq.

Ankara is the only non-Arab member of the coalition to have reopened its embassy in Baghdad. Dozens of Turkish businessmen have visited Baghdad and signed trade contracts.

Turkey and Iraq also have agreed to prepare an oil pipeline to export Iraqi crude once the embargo against Iraq is lifted. Both countries are hoping to flush out 12m barrels of Iraqi crude stuck there after borders were closed during the Gulf crisis.

Mr Demirel said Turkey was negotiating with the UN some technical details, including who would receive the oil from the pipeline and how it could be sold off.

The president acknowledged that Turkish businessmen were making deals with the Iraqis, but emphasised that none of the contracts would be carried out until the sanctions were lifted.

Mr Demirel said Ankara, which is taking an increasingly influential role in the Middle East, was ready to take a share in regional development projects. He declined to elaborate.

Turkey is actively involved in regional peace discussions on energy, the environment, economic co-operation and water.

Jordanian officials say Turkey, which has abundant water resources, could contribute to resolving water problems in parched nations like Jordan.

Reduction in ministerial spending and workforce planned

Israel to cut spending and taxes

By David Horovitz in Jerusalem

The Israeli cabinet was late last night expected to approve a Shk128.7bn (£27.5bn) budget for 1995, the central components of which include about a third of the total for debt repayment, 20 per cent for police and security, and 11 per cent for education.

The budget provides for a reduction of almost Shk800m in ministerial spending, a 2 per cent cut in the government workforce – eliminating 630 full-time positions – and an average 1 per cent reduction in public sector pay.

There will also be a reduced allocation of funds for the absorption of immigrants from the former Soviet Union (achieved by revising the estimate of immigrant arrivals for 1995 to 70,000 from a previous 80,000 figure), a 3 per cent rise in the prices of public transport and a 7 per cent increase in water charges to agriculture and industry. Mr Avraham Shochat, the finance minister, intends to use some of the extra monies freed to help pay off debts owed by the kibbutz movement, to provide much-needed assistance to Israel's near-bankrupt Kupat Holim Clalit main health insurance fund, and to boost the ailing military industry.

Money is also budgeted to finance the redeployment of Israeli troops in the occupied territories, as anticipated in the coming phases of Israel's autonomy agreement with the Palestine Liberation Organisation.

The proposal features more than Shk2bn worth of tax cuts, including a reduced purchase tax on homes and lower taxes on electrical items.

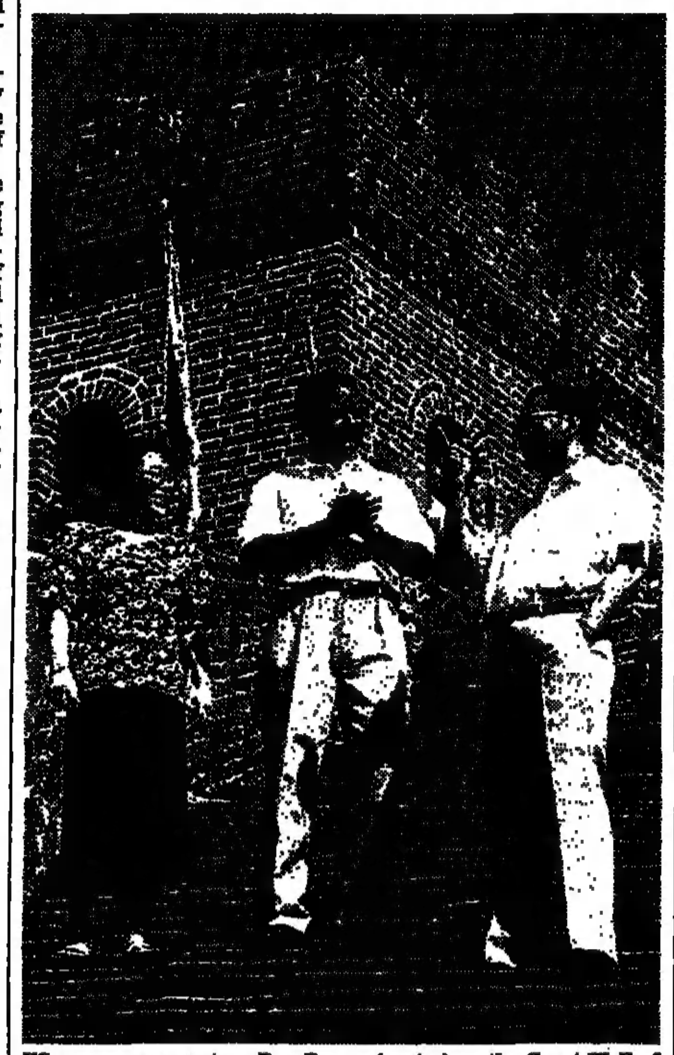
A proposal to reduce government subsidies granted to companies investing in various designated development zones, strongly opposed by the Ministry of Trade and Industry, was not discussed at yesterday's marathon cabinet session.

Instead, ministers will reconvene next week for another meeting devoted solely to economic issues. That meeting will focus mainly on means to halt rising prices, which are pushing inflation estimates for 1994 to 14 per cent and beyond.

While the budget was the main item of cabinet business yesterday, ministers also discussed the implications of Friday's murders in Ramle, central Israel, of two Jewish workers at a building site. The Hamas Islamic extremist group on Saturday took responsibility for the attack, the first murder of Israeli civilians inside Israel since the Palestinian self-rule accord came into effect in May.

Prime Minister Yitzhak Rabin said Israel knew the identities of the murder suspects, and that he expected the co-operation of the Palestinian police force in tracking down the men. Israeli officials said this was regarded as a "test case," and that future phases of the peace deal might be put at risk if the Palestinians did not co-operate.

The PLO has condemned the murders.



US commerce secretary Ron Brown (centre) on the Great Wall of China with officials yesterday. He is the first US cabinet member to visit China since President Bill Clinton severed the link between China's human rights record and its trade status Reuter

Saudi gems theft linked to saga of assassination

Diplomat has issued ultimatum and linked Thai killings to palace theft, reports **William Barnes**

It is an extraordinary tale of theft, assassination and corruption on a grand scale that has shredded the reputation of the Thai police and caused a bitter diplomatic row between Saudi Arabia and Thailand.

In the latest twist to the five-year-old saga, Saudi Arabia said last week it believed the 1990 murders in Bangkok of three of its embassy staff and a Saudi businessman were linked to the theft of millions of dollars' worth of jewellery from a Saudi palace.

"They were all killed because they had information about the jewellery," Saudi chargé d'affaires Mohammed Said Khoja said last Friday, adding that detectives from his country had determined the link.

Mr Khoja, who directly accused Thai police of one of the killings, said he was due to discuss the issue with Thai Prime Minister Chuan Leekpai this week. "Frankly I am fed up and the government of Saudi Arabia cannot wait any longer," he said.

A Thai servant initially stole $20m (£12.9m) worth of jewellery in 1989 from a Saudi palace where he was employed. He fled back to Thailand and was arrested in early 1990 and later jailed. However much of the jewellery returned to Saudi Arabia was fake.

Shortly afterwards, the wife of the director-general of police, General Sawat Amornwiwat, was pictured in the local press wearing a necklace remarkably similar to one of those stolen from the palace.

But as the recriminations flew hitmen started killing Saudi diplomats. Between 1989 and 1990 three diplomats were gunned down, apparently by professional killers.

As relations between Thailand and Saudi Arabia spiralled downwards, the Thai authorities claimed a number of contradictory and sometimes unlikely explanations for the murderous campaign.

Religious zealots, drug dealers, business conflicts, Mafia-style gangsters and terrorists joined the parade of suspects.

But Saudi unhappiness reached its nadir with the revelation that a businessman close to the Saudi Royal family, Mr Mohammed Al-Ruwaily, who disappeared after the murder of the diplomats, was probably abducted by a group of Thai policemen.

The police officer who led the investigation into the murder of the diplomats, Lt Col Somkid Boonthanom, was later accused of Mr Al-Ruwaily's murder, but the case was dropped in September 1993.

The links between the three cases – the theft, the embassy murders and the abduction – remain obscure. No less than three parliamentary committees and two police committees were set up to look solely into the Saudi grievances. But even now, Thai inquiries have run into difficulties.

Mr Khoja, an urbene 60-year old diplomat, was posted to Bangkok three-and-a-half years ago either to wrap up the murder and theft cases or to close down the embassy.

The Saudis have stopped issuing work permits to Thai nationals, at an estimated cost to the economy of up to $1bn a year in lost remittances.

Under the prime minister Mr Chuan Leekpai and a respected new police chief, Gen Pratin Santiprapop, some progress has eventually been made. But Thailand is still a long way from repairing relations with Saudi Arabia.

Business irked by orders from on high

Japan's 'iron triangle' has developed a jarring note, writes **Michiyo Nakamoto**

Just over a year ago, when Japan's Liberal Democratic party lost its hold on government for the first time in 38 years, it seemed that the iron triangle between politicians, bureaucrats and business might crumble with it.

The new, younger government that succeeded the LDP raised the banner of reform and offered corporate Japan the hope, along with the fear, of less government and bureaucratic meddling in corporate affairs.

But just as Japanese business was beginning to enjoy the idea of freedom, the LDP is back in the seat of government and a ministerial mandate on employment practices at Japan Air Lines has dropped like a bomb to demonstrate that old practices do indeed die hard.

Earlier this month Mr Shizuka Kamei, an old-time LDP politician and current minister of transport, forced Japan Air Lines to reconsider plans to hire stewardesses on a short-term contract basis.

The plan, an attempt to cut costs, had already been approved by the very ministry Mr Kamei heads. Yet the minister put a halt to JAL's scheme, which other airlines had also been considering.

Mr Kamei cited safety concerns and the importance of lifetime employment, and suggested that such a move would upset Japan's much vaunted practice of harmony and equality in the workplace.

But business leaders, many of whom have expressed shock at Mr Kamei's handling of the affair, sense a more sinister motive. Japanese business executives have jumped on the minister's attempts to impose his views on what they believe should be a matter for private business to decide. The days of government meddling in business affairs, they fear, are far from over.

Mr Takeshi Nagano, chairman of the Nikkeiren, the Federation of Employers' Associations, criticised the minister's actions sharply, triggering an unusually vitriolic exchange of insults between the two.

The controversy is such that opposition parties are preparing to grill the government on the issue when the Diet reconvenes next month.

The degree of indignation expressed by normally discreet Japanese business leaders indicates that few of them accept Mr Kamei's argument that introducing contract workers into a team of full-time staff would upset team harmony and jeopardise aircraft safety.

For one thing, as JAL quietly points out, the Japanese airline has been employing foreign stewardesses on contracts at lower pay than Japanese staff for more than 20 years. Nobody has ever complained and a recent report by the Civil Aviation Council recommends cost-cutting measures, including hiring of foreign - that is, lower paid - staff.

Secondly, if safety were a serious concern, as Mr Kamei suggests, would this affect Japan Asia Airlines, which has already hired contract stewardesses? But not a word of complaint has come from the transport ministry on that issue.

Neither is the sanctity of job security a convincing argument for business leaders, many painfully aware of the need to cut labour costs to remain competitive.

For a company like JAL to deny lifetime employment to its Japanese stewardesses, may come as a shock to the generations of women for whom the airline stewardess was the epitome of modern, high-flying, career woman.

Yet nobody in Japan would claim that lifetime employment was ever taken for granted other than at the largest companies. The majority of Japanese employees have no guarantee of lifetime employment.

Instead, many see the minister's actions as a relic of the bad old days when politicians and bureaucrats could more or less impose their will on businesses in return for protection and a lucrative contract.

As the opening up of Japan's markets to outside competition and the declining influence of the public sector have whittled away the benefits to business of this past relationship, government interference has become an inconvenience.

"The minister's actions go against the spirit of deregulation and of administrative reforms which are being implemented in October," said an official of Keidanren, Japan's most influential business organisation.

The high-handed approach of the transport minister is particularly unsettling to the Japanese business community, which has increasingly come to embrace the view that deregulation and freedom from the shackles of bureaucratic guidance are crucial to revitalising the country's economy.

Officials at telecommunications companies, for example, frequently complain that Japan's slow start in the race to build an information superhighway is largely the result of bureaucratic red tape that hinders growth of new businesses.

Stage set for Manila development fight

By José Galang in Manila

The stage is set for potentially the largest property development in the Philippines in a decade. It involves turning part of a former military camp on the east of the Philippine capital into a commercial and trading centre.

The 214-hectare property, part of Fort Bonifacio which has been home to the Philippine Army since the 1940s, will become a "new *Makati* (business district)," according to the Bases Conversion Development Authority (BCDA), the state agency in charge of the proj ect.

Five groups responded to the starting gun last Friday for a selection process for BCDA's "strategic partner" for Fort Bonifacio's development. The process will culminate in bidding for the property next January.

From the five, a shorter list of qualifiers for the bidding will be known on September 9.

Among the five is a consortium led by Ayala Land, the property arm of the widely diversified Ayala conglomerate which in the 1950s and 1960s pioneered the development of *Makati*.

The Philippine subsidiary of the Hong Kong-based First Pacific Group is co-lead investor, with Urban Bank, in another consortium that includes a number of big local property companies and banks. A provident fund for military personnel, the AFP Retirement Separation and Benefits System, leads another group.

A predominantly Filipino group among the prospective bidders is the Fil Estate/Penta-Capital consortium led by Fil-Estate Group. Another Filipino-led group is JG Summit Holdings, which owns the Robinson's chain of shopping malls in Manila.

Under current plans, BCDA will auction 55 per cent holdings in the Fort Bonifacio venture. Out of the property's 214 hectares, the partner will get 118 hectares.

At the bidding in January, the qualified groups will be asked to offer a per-square metre price for the parcel. At the minimum price of 10,000 pesos a square metre set by BCDA, the block will yield at least 11.8bn pesos (£290.3m).

INTERNATIONAL PRESS REVIEW

Sharif adds heat to nuclear row

PAKISTAN

By Farhan Bokhari

Pakistanis love to talk about their country's controversial nuclear programme, even if the occasion is one where restraint or caution is advised.

Last week, an admission by Mr Nawaz Sharif, the former prime minister and the country's main opposition leader, that Pakistan had produced nuclear weapons, once again sparked a heated debate.

Politicians on both sides of the divide were concerned that on an issue which is as popular as the nuclear programme, they should neither be seen as weak or willing to compromise.

The government took the view that Mr Sharif's statement would threaten vital national interests, while the opposition in its defence argued that their leaders' "disclosure" had removed ambiguity surrounding the nuclear issue and would now deter India – Pakistan's arch enemy – from any "adventurous" moves.

The charges and counter-charges were enough to baffle many ordinary Pakistanis.

But that could not be said about the Pakistani press, which by and large criticised Mr Sharif's move, making use of the latest opportunity to write extensively about one of its favourite topics.

"It's difficult to understand why the leader of the opposition, who is also a former Prime Minister, would take a position that could create serious difficulties for the country" declared the *Jang*, Pakistan's largest selling privately owned Urdu newspaper, which traditionally follows a liberal editorial policy.

The paper said that countries which are opposed to Pakistan's nuclear programme, would use the statement to mobilise international opinion against Islamabad.

Pakistan has nuclear bomb: Nawaz

"In Pakistan, a statement full of gung ho words on the country's nuclear programme sells like hot cakes," explained *The News*, another liberal paper, adding that the opposition leader was playing to the domestic public gallery.

It suggested that Mr Sharif had probably not considered Pakistan's strategic concerns in making the statement. Rather, like all out-of-power politicians, this was an effort on his part to attract public attention.

The Nation, a right-of-centre conservative paper, also joined the criticism. "It goes without saying that by letting the cat out of the bag, he has created quite a stir in quarters that have traditionally been apprehensive of Pakistan's nuclear ambition, and it wouldn't be surprising if the bogey of 'Islamic bomb' is once again brought to the fore with renewed vigour".

While arguing that Pakistan has the sovereign right to determine the direction and the pace of its nuclear programme, the paper said the issue should not be dragged out in partisan politics.

Dawn – the country's largest selling liberal English newspaper, which has a large circulation among left-of-centre intellectuals, expressed similar views, but went at a greater length to discuss different aspects of the issue. "If there is anything in this country about which verbosity should be discouraged – even if it takes an act of parliament to do so – it is its nuclear programme."

The newspaper argued that it was best for the country to continue with its practice of maintaining a "nuclear ambivalence" because that leaves Western anger at bay and keeps India guessing about the exact nature of the programme. In describing the policy of ambivalence, the paper wrote: "Although we have the capability to build a bomb, so goes the official line, we have chosen not to do so because we are not a warmongering nation."

Dawn also responded to speculation that the powerful Pakistani military may have given the go-ahead to the opposition leader. "We should credit our military with possessing more sense than that."

"This is a blunder of Mr Sharif's own making and no one else is responsible for it. Instead of compounding his folly by going into all sorts of unbelievable explanations, he should think of tendering the nation whose interests he has damaged, an apology".

Despite the criticism, the often conservative and pro-opposition *Nawa-i-Waqt*, Pakistan's second largest Urdu paper, described the nuclear programme as a guarantee for peace and supported Mr Sharif's statement.

In an editorial entitled "Atomic ability – guarantee for peace", the paper said the past two decades had seen both Pakistan and India refraining from war, since New Delhi conducted its first nuclear test in 1974, followed by Islamabad's decision to set up its own programme. The two countries would benefit from their nuclear deterrence, and the opposition had helped Pakistan towards that goal.

Pakistan loan fraud probes

By Farhan Bokhari in Islamabad

The Pakistani government said at the weekend it had ordered investigations into the activities of officials at the country's two large public sector banks, following allegations that they were involved in fraudulent dealings related to loans worth up to Rs1bn (£21.1m) made during the rule of former prime minister Mr Nawaz Sharif.

Senator Mr Malik Qasim, chairman of the government's federal anti corruption committee (FACC) announced that Presidents of the Habib Bank – Pakistan's largest bank – and the National Bank of Pakistan, had been told to suspend officials who violated the rules in sanctioning loans under the populist "self-employment scheme".

The scheme, Mr Sharif's brain-child, was meant to provide unemployed youth with up to Rs100,000 to set up small businesses. But officials say that in many cases the loans did not reach those they were designed for.

"In many cases, the loans were sanctioned to employed people and to those who were already running established businesses," said Mr Qasim. "We want to know if this was a deliberate attempt to keep many people out, to favour near and dear ones, or only a case of a poorly managed plan," said one official.

Its not yet clear, if the investigation will set back plans for privatising large banks.

Row as PowerGen weighs US listing

By Roland Rudd

British government ministers are angry with PowerGen, the electricity generator, for threatening to break ranks over the £4bn sale of the government's remaining shares in the generators.

The Treasury plans to co-ordinate the sale of its shares in the two generators, PowerGen and National Power, by publishing a prospectus early next year. This will link the sale of the two companies by requiring the public to buy shares in both.

PowerGen, which has outperformed National Power on the UK stock market, is considering seeking a US listing months ahead of the planned prospectus.

The Treasury is concerned that information on regulatory structure developments facing the companies may have to be published ahead of schedule, tying its hands and making it harder for it to control events.

PowerGen's US investors account for 7.5 per cent of its shareholding compared with National Power's 5 per cent.

The generator said: "The timing of the US listing is not critical but we would prefer to see it in place a little ahead of the sale [of the government's remaining shares] to avoid unnecessary complication."

PowerGen has told the Treasury that it is "seriously considering" a US listing in November. National Power has made it clear that it has no intention of following PowerGen and instead plans to wait until next year.

The government expects to start marketing the sale in mid January with a prospectus following about a month to six weeks later.

Shares would be issued either in late February or early March.

Both generators hope to increase their American shareholding by listing their shares on the New York Stock Exchange.

Ministers wanted the generators to list their shares in the US simultaneously with the issuing of all the remaining government shares next year. It sold 60 per cent of each company when they were privatised three years ago.

Both companies already have US shareholders who buy shares through American Depository Receipts on Wall Street but some big US institutions are more likely to buy shares if the generators are listed on the New York Stock Exchange.

Since the public will be required to buy shares in both companies, as in the March 1991 flotation, when 60 per cent of the shares were sold, the government wants to co-ordinate the marketing of the shares.

Institutional shareholders will be expected to be given the choice of splitting their investment between PowerGen and National Power.

PowerGen, however, may not prove susceptible to ministerial pressure to delay its US listing. It has shown itself to be individually minded, and quick to spot and take opportunities, such as building gas-fired power stations.

Government scorns call over National Grid

By Roland Rudd

The government has rejected calls from its backbenchers to take a share of the profits from next year's sale or demerger of the National Grid.

The electricity transmission company is owned by the 12 regional electricity companies (Recs) of England and Wales which were given it when they were privatised in 1989.

The government owns a golden share in the National Grid which allows it to demand a share of the profits when it is sold or demerged next spring. Some Tory MPs have urged ministers to use the golden share to extract up to £2bn for the Treasury.

However, in move which will further boost the electricity companies' profitability, the Treasury has rejected the calls. It argues it would be an improper use of its golden share which it says was only intended to prevent foreign ownership of the grid.

While ministers are privately angry with the large salaries and share options awarded to electricity company bosses they do not believe the government should intervene in the running of a private industry.

The government's decision has infuriated some of its own backbenchers as well as provoking criticism from the opposition Labour party. Mr Robin Cook, shadow trade and industry secretary said: "I see no reason why the Recs should milk a fortune out of the National Grid that was built by the nation and not by them."

Mr Nicholas Winterton, Conservative MP for Macclesfield, warned voters were losing patience with the privatised utilities. "For the government to hand over the National Grid, lock stock and barrel to shareholders of the electricity companies is hardly popular capitalism," he said.

Electricity analysts believe the National Grid, which made pre-tax profits of £580 million last year, could be sold for as much as £5bn, compared with the Rec's combined market worth of around £15bn.

While there could be a tax payment of up to £1bn in the event of a capital gains tax if the Grid was floated, analysts believe there are ways of avoiding tax.

See Lex

Authorities trying to dig themselves a bigger hole

David Owen on a space shortage that has become of grave concern

The British government is under growing pressure to empower local authorities to disinter human remains and re-use graves as part of a national strategy to cope with the shortage of space in Britain's cemeteries.

Under proposals drawn up by the Institute of Burial and Cremation Administration, authorities would be allowed to make room for new bodies in old graves by placing the original occupants' remains in new caskets and burying them deeper in the ground.

Authorities would be able to do this on plots where 75 years had elapsed since the last interment.

Living relatives would retain the right to renew their family's rights over the site for a further 75 years.

The IBCA, an organisation representing those responsible for managing the country's cemeteries and crematoria, plans to oversee research later this year to assess the public's response to its proposals. The practice of re-using graves is common throughout Europe and in Australia.

If the results are satisfactory, it expects to submit its plan to the government next year.

It is not clear how ministers would react, but the idea has not been ruled out.

Questioned recently by Mr Tam Dalyell, Labour MP for Linlithgow, Mr Allan Stewart, Scottish office minister, said: "The re-use of graves would involve the disturbance of remains, which would be unacceptable to many people; and the implications would need careful and sensitive consideration."

According to Mr Ian Hussein, the IBCA national secretary, the issue of re-using graves is one ministers will have to face up to sooner or later because of a worsening problem with burial space in London and other major cities.

He says there are already three London boroughs which are unable to provide new graves.

Considerably more will run out of space over the next 35 years – a period in which he says Britain's annual death rate is projected to rise from about 650,000 to nearer 850,000.

He says the proportion of people choosing burial as opposed to cremation or other methods has levelled off at about 30 per cent after falling for many years.

The IBCA proposals are designed to overcome a number of problems associated with cemeteries becoming full.

If a cemetery stops staging new burials, for example, it loses its primary source of income. In addition, the less frequently old cemeteries are visited, the more they tend to become vulnerable to vandalism and dereliction.

Mr Hussein says that local authority cemeteries in England and Wales already run at an annual £60m deficit - which is funded ultimately out of local taxation.

According to Mr Hussein, it is relatively common practice for authorities to re-use public or paupers graves without disturbing their original occupants by burying new bodies at a shallower level.

He says London authorities also have the right to re-use suitable private graves in this way where the last interment was more than 75 years ago and families have not renewed their rights over the site. The practice is known in the profession as "semi-re-use."

But Mr Hussein says that disturbing remains to re-use the grave is currently not permitted without explicit authority. Indeed he says it is generally easier to secure permission to disturb remains for virtually any other purpose than to re-use the grave.

Britain in brief

Labour steps up pressure over Archer

Mr Robin Cook, the shadow trade and industry secretary, will today step up pressure on the government to publish the Department of Trade and Industry report into allegations of insider dealing involving Lord Archer, the bestselling author and former Conservative party deputy chairman.

Mr Cook is expected to write to Mr Michael Heseltine, the trade and industry secretary, asking him to confirm that there would be no "legal barrier" to publication of the report if Lord Archer agreed to it being published.

Mr Cook said last night that since Lord Archer had stated publicly that the report "exonerated" him, the best-selling novelist should have no difficulty in giving such permission.

The DTI has never said whether Lord Archer was exonerated. It has only said only that no further action would be taken against him, following advice from "independent counsel".

The DTI has maintained that it is a "criminal offence" to publish reports into alleged insider trading under of the Financial Services Act. Lawyers confirm however that publication is possible if the main protagonists in the affair give their permission.

Production up at Perkins

Diesel engine production at Perkins, one of the two largest UK manufacturers, is running at 25 per cent above the levels of last year, reflecting higher activity in the industrial and construction markets, especially in the US and the UK. Daily production is up to 780 engines a day, according to Mr Myles Coleman, the manufacturing director at Peterborough, the group's main plant, which is working for nine shifts every five-day week.

Perkins, owned by Varity Corporation of Buffalo, New York, recently reported sales in the three months to July of $197m (£127m), 15 per cent higher than in the same period last year.

Demand for diesel engines has recovered in the UK and the US, but remains fragile in continental Europe. Sales from Perkins are largely to manufacturers of construction, electrical and agricultural equipment, whose growing orders are a response to the level of capital investment.

The other large diesel engine manufacturer in the UK is Cummins, also US-owned, whose main plant is in Darlington. Its strength is in the on-highway vehicle market.

Agencies probe at Lloyd's

Lloyd's of London is investigating claims that some agencies in the insurance market have been deliberately reducing and disposing of assets in order to avoid potential payments to Names. Many agencies are being sued by Names for negligence.

A Lloyds official said yesterday that several cases of reported asset-stripping by agencies were under investigation, but added that that no details were being made public. He said: "If any Names suspected they were subject to such activity and reported it to Lloyds, we would look into it."

Names are up in arms about the alleged asset-stripping, which they see as undermining their hopes for compensation.

Philips arm to invest £100m

Philips Components, the division of the Dutch electrical and electronics group which makes television picture tubes and special ceramics, plans to invest £100m before 1997 to increase capacity of its UK manufacturing plants.

Almost three-quarters of the total will be spent on the company's colour-picture tubes factory in Durham. A further £10m will be spent on increasing the capacity of its glass-making plant near Blackburn.

Mr Wim de Kleuver, chief executive of Philips Components, said yesterday that after comprehensive and often painful reorganisation, Philips UK manufacturing plants were as cost effective as any in Europe. Several were world-class with a performance equal to that of the best Asian producers.

Philips Components, with the company's semiconductor activities, represents about 12 per cent of the group's Fl58.8bn (£21.7bn) turnover. About 70 per cent of the division's production is sold to customers outside Philips.

Backing for MPs' pay rise

The government moved yesterday to defend plans to raise MPs' salaries by more than twice the rate of inflation amid fears that the increase could undermine its case for public-sector pay restraint.

As union leaders and others lined up to attack the 4.7 per cent increase, Mr Tony Newton, the leader of the House of Commons - the government's business manager - denied that the government had broken its own guidelines on public sector pay.

Mr Newton said that over a three-year period, MPs would have been treated in "precisely the same way as . . . the civil servants with whom their pay has been linked for many years."

He added: "I don't think that any fair-minded person who looked at the position on this over a three-year period . . . would regard this as either unreasonable or a breach of pay policy."

But the increase – well above the 2.3 per cent rise in the retail prices index in the year to July – was widely criticised by trade union leaders.

The raise, which will take effect from January, will take an MP's basic salary from £31,687 a year to £33,168. The 4.7 per cent figure comprises 2.7 per cent which MPs were already in line to receive as the second part of a two-stage pay settlement and an additional 2 per cent to bring them into line with middle-ranking civil servants with whom their salaries have been linked.

Broken Hill Proprietary's presentation to shareholders in Sydney could have been taken from a modern marketing manager's manual. Held in a giant auditorium, it had overhead slides, bold graphics and plenty of razzamatazz.

Then, as the meeting was thrown open to questions, a gentlemen in the audience rose to his feet. "I can remember when you were running the Newcastle [Australia] steelworks in the 1970s . . ." he told Brian Loton, BHP's chairman, as he launched into a long reminiscence. The BHP executive, half-charmed and half-embarrassed, listened patiently, before quickly steering the meeting back to business.

The incident last year, although trivial, seemed to sum up the dichotomy which surrounds the Australian resources group. On the one hand, it runs an A$30bn (£14.2bn) portfolio of businesses worldwide, ranging from coal mines in Indonesia to oil rigs in the Irish Sea. A fifth of its shares are held internationally and in key divisions – such as petroleum – much of the staff and management are outside its home country.

On the other hand the tug of BHP's roots is also strong – and not always entirely welcome. There is, for example, a peculiarly Australian share structure, which has BHP owning half of another company which in turn owns almost 20 per cent of BHP. There is a A$2.2bn investment in Fosters, the Melbourne-based brewing group, which is carried in the books at significantly more than its current market value and has nothing to do with BHP's core operations. "It's a big credibility question," says one analyst.

In addition, although overseas interests are growing by leaps and bounds, the fact remains that the bulk of BHP's money is still made in its home country. About 70 per cent of group assets are held there.

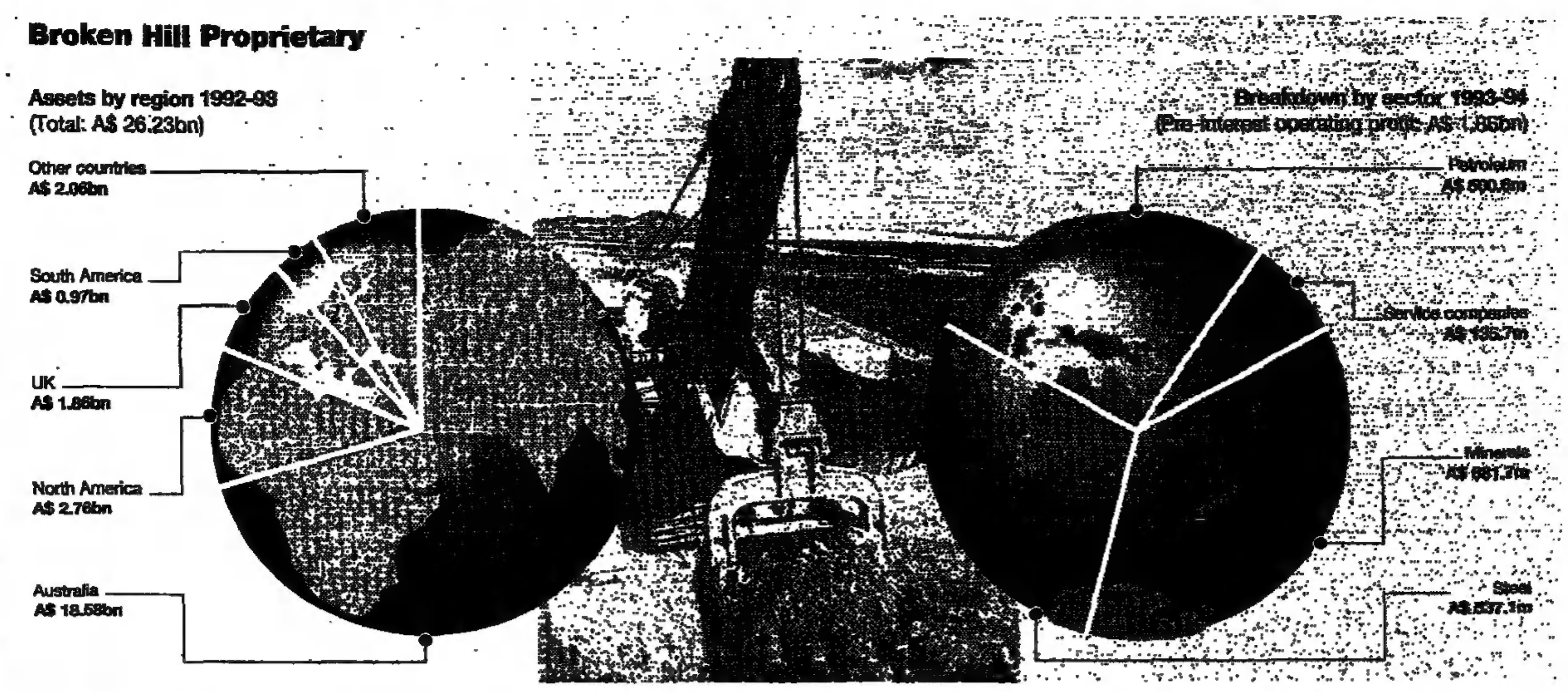
There is nothing unusual about a formerly domestic company reaching a point where its growing international interests create a string of dilemmas over expansion and diversification strategy, and over organisation structure. But BHP's case is interesting for two reasons.

First, the company is curiously bound up with Australia's national psyche. "For 50 years, BHP has held a dominance in Australian economic life such as no company, to my knowledge, had ever exercised over the US economy," Geoffrey Blainey, a historian, has commented. Even now, the company accounts for 1.5 per cent of the country's gross domestic product, and is frequently referred to as the "Big Australian".

This status adds quite significantly to management responsibility. "We are always being asked to do this or that nationally by industry organisations, and government," says John Prescott, managing director. "It's usually far more than we can handle. We try to speak when asked."

That, however, does not mean that the group escapes criticism for not doing more. Some mining industry players, for example, wondered whether BHP should have taken the lead more forcibly during last year's debate over Australia's Native Title legislation and the issue of Aboriginal land rights.

Second, BHP is the only Australian company that can fairly claim to be making a "global" leap at present. Other groups of comparable size and status include News International, the media company, and National Australia Bank. But the former remains the personal fief of Rupert Murdoch, while NAB operates only in the Australian, Irish and UK markets.



Digging deeper and wider

BHP is moving further afield but it will not forget its Australian roots, writes Nikki Tait

BHP admits that being out on this sort of limb brings unique pressures. The company, says Prescott, has used management consultants "sometimes for extended periods, particularly to help us overcome the isolation of BHP in Australia, to understand what the rest of the world is doing by way of best practice".

Most of BHP's development outside Australia has occurred during the past decade. During the first four years of this period the company's management was also wrestling with rival takeover attentions from Robert Holmes à Court's Bell Resources and John Elliott's Elders IXL.

Peace was finally bought in 1988, although the price is still evident in the controversial Fosters holding and the circular share structure. In spite of belated changes made to this last week, it could still provide takeover and management protection and hence could retard share price performance.

All the same, many observers believe in retrospect that the long and complex struggle with the two entrepreneurs also brought benefits – forcing BHP to take a more aggressive management approach and shaking up a complacent bureaucracy.

Whether or not this is an accurate assessment, the tussle did coincide with a sharply increased international focus at the resources group. In 1982, BHP's sales from operations outside Australia were just A$87m. By 1992-93, helped by a mixture of acquisitions, investments and exploration work, they had grown to more than A$5bn.

Even today, however, the extent to which BHP has "globalised" its operations varies markedly between divisions. The company has four main operating areas: steel, minerals, petroleum and "services", which includes a range of businesses from shipping to engineering consultancy. This structure was put in place in 1985, although there have been refinements since. "The broad thrust is to organise on product lines – generally based on worldwide groupings of products," says Prescott.

The petroleum division, which includes Hamilton Oil, is generally seen as the most internationally-focused. About 70 per cent of employees are based outside Australia and recent chief executives have been recruited from outside the company. (Peter Willcox, who stepped down earlier this year, came from Amoco; his replacement, John O'Connor, from Mobil).

The minerals side, too, is highly diversified and much of the management conducted from San Francisco, thanks to the purchase of Utah International's mining interests from US General Electric in 1984. Steel, by contrast, is described by one analyst as "more or less Australian". The current generation of top head-office executives has also been drawn heavily from this division's ranks: Loton, Prescott and two divisional bosses all worked their way up through steel.

On the organisational front, BHP recognises that some changes will probably be necessary as the company comes to terms with its growing global spread

In financial terms, BHP's structure and its range of interests has served shareholders quite well recently – in contrast to the performance a decade ago – and most pundits acknowledge that the spread of interests and their slightly different business cycles are advantageous.

Earnings dipped in 1991-92, but have since risen steadily. In the latest 12 months, to end-May, operating profit after interest rose by almost 30 per cent, to A$1.28bn. The BHP share price has also been strong, outperforming the Australian stockmarket by 120 per cent since 1988 and the mining sector by a similar amount.

In the current year the company admits it will have its difficulties.

Nevertheless, analysts seem fairly confident that another year of steady performance is in sight. Barring sudden commodity price movements, market estimates suggest that profits of A$1.4bn could be achieved.

Looking longer-term, much will depend on the scale and efficiency with which BHP spends its development funds. To achieve a 10 per cent profits growth and using a target rate of 15 per cent for return on equity, David Rubin at ANZ McCaughan calculates that BHP needs to commit around A$1bn to new projects each year – on top of the replacement capital expenditure to replenish depleting assets.

In fact, over the past five years, the total capital and investment programme has topped A$12.5bn. Gearing, meanwhile, has come down about 35 per cent, and the company has been at pains to stress that it intends to avoid a "lazy [undernsed] balance sheet".

"We have the capacity to fund any substantial new investment opportunity that should arise," Graham Heely, the finance director, told analysts at the results presentation in July, prompting speculation that a multi-billion deal could be in sight.

BHP has enthused about two potential channels for expansion. The first is direct reduced iron (DRI) – a process which involves the reduction of high-grade iron ore concentrate using natural gas. The resulting iron is made into small, transportable briquettes, which can be fed directly into the new generation of mini-mills.

Ideally, the production system requires high-grade iron ore and natural gas to be in close proximity – a situation that exists in Western Australia's Pilbara region, but is only becoming a feasible option with the opening of the gas market. This month, BHP announced it was seeking environmental approvals for the construction of a A$750m DRI plant in the region, indicating the final feasibility studies are in progress.

The second is power generation, predominantly offshore, and probably in the growth markets of Asia and South America. This attracts some scepticism, since it would take BHP into a new area of operation. The company, however, claims such a move is a fairly natural progression from existing energy-related activities.

Indeed, while BHP is only examining possibilities at present, Prescott does not quarrel with the notion that power generation might eventually form a fifth leg to the business. "It could be a self-contained entity, although it would have to work closely with the rest of the group. But it may well be a core operation," he says.

On the organisational front, Prescott recognises that some changes will probably be necessary as the company comes to terms with its growing global spread. BHP, he suggests, may need to move from its divisional structure towards a "matrix" of the sort especially common among big US multinationals, where the product divisions and a geographical management network are superimposed on each other. Because of their complexity, such structures are often controversial and difficult to operate.

"The current structure may not give the best means of promoting BHP in a new part of the world," he continues. "It might be better if we had a structure which allowed us to present our credentials collectively in a country where we were not well known. Rather than have our steel business go in separately, then our minerals business, then our petroleum business . . . perhaps there should be a 'Mr BHP' who would be the single focus of contact in each particular country."

The company is already tending "to move a little bit in that direction", Prescott adds. Its president of BHP Japan serves as a single point of contact for all businesses there, and it is implementing the same concept in China and Russia.

But what nationality is "Mr BHP Japan"? Prescott admits that he is Australian – "well, actually a Scotsman" – but quickly adds that on the divisional side of the structure the senior iron ore, coal, transportation and steel salespeople are locals.

"It's only in recent years that I could say that – it's a bit of a change," he remarks. For BHP, it is really a revolution.

DESERT ISLAND MANAGER

John Guinness

John Guinness, 58, spent most of his career as a diplomat and civil servant before taking over as chairman of BNFL, the nuclear fuels reprocessing company, in 1992. In his last nine years as a civil servant he was deputy secretary then permanent secretary in the Department of Energy and was responsible for the privatisation of the electricity industry.

Who would you take with you other than your family?
I would have a chat with the Almighty and try to get my former boss, the late Victor Rothschild. He was the nearest thing to Renaissance man I have known. He was a fellow of the Royal Society, an expert on the spermatozoa of the bull, a county cricketer, he could have made a very good career as a jazz pianist, he wrote the bibliography of English 16th century first editions and he was a great wit and *bon viveur*. He was also head of the Think Tank, where I had two spells in the 1970s.

What would you miss most?
I would miss the opportunity to go to obscure private picture collections. I have a collection of a quarter of a million photographs of historical portraits which I have amassed since I was 15. I also advise Sotheby's and Christie's, sometimes helping to identify portraits.

What would you miss least?
Bureaucracy (in both the private and public sectors), complacency and negativism.

What would you read?
The first thing would be the Nuclear Installations' Inspectorate's safety regulations. But then I would ask for Dom David Knowles's four volumes on English monasticism, one of the great works of English scholarship. I would also ask for the news pages of the Times and the business pages of the FT.

What film?
Kind Hearts and Coronets. Sir Alec Guinness is the most distinguished person with the name of Guinness. I only wish I could prove we were cousins.

What drink and food?
I would want fish and chips, especially as there would be so much fish around the island. It is a food I adore; one of my ambitions is to write a guide on fish and chip shops from London to Norfolk. I would also want some diet Coke.

You can have one item of office equipment.
I learned to type when I was 13 and I have always felt comfortable with it. When I was in the Department of Environment I used to sign off my reports with "composed, typed and sent by J.R.S. Guinness."

But if I had to make a choice it would be a telephone, so that I could talk to my family and employees.

What vehicle?
I would want to take my 1900 Clement Panhard. It is partly for this reason that the telephone would be essential. My wife is the engineer of the family. She can take cars apart and put them together with ease. I could telephone her and she could tell me how to repair it.

Michael Smith

High days, holidays and hard work

ADRIAN FURNHAM

Today is a statutory public holiday in Britain – one of a dozen or so, depending on where people live. What is the occasion for celebration that warrants the loss of billions of working hours? Is it Trafalgar Day, VE Day, St George's Day? No, it is merely the last Monday in August – a cause for national rejoicing.

Britain has about the same number of public holidays as the US, France and Italy. But Switzerland, the country with the highest GDP in the world, has only seven, though individual cantons do have their own as well.

This set me thinking whether I could do a latter-day Weberian analysis. It was the sociologist Max Weber who 90 years ago showed that the Protestant countries were (and still are) richer than the Catholic countries. He attributed this to the now-famous Protestant work ethic, with its emphasis on hard work, asceticism, industriousness and frugality.

Is it possible, I wondered, that a country's number of public holidays is a simple index of its economic success? So I looked up the economic dragons of the Pacific Rim – Hong Kong and South Korea have as many as 18, Japan 14. Even Germany appears to have one of the highest numbers in Europe.

It seems there is a link, but opposite to my theory. Could it be that the hard-working citizens of the Pacific Rim need to rest more often because of their long-hours of toil? Or perhaps they simply need more time to spend their yen.

The sight of a male colleague dousing himself with an expensive cologne rather surprised me recently. Had he, I wondered, been influenced by research that has indeed shown there is a sweet smell of success?

In an American study conducted in the 1980s by a social psychologist, a woman was interviewed for a job by a number of interviewers. It was the same woman, in the same room, applying for the same job and giving standard answers. But for one group of selectors she wore no perfume, for another a less-preferred brand and for a third a popular musk-based brand. The selectors were required to rate her on abilities such as communication skills, conscientiousness and numeracy.

The researchers showed reliably that those who interviewed the woman when she was generously sprayed in the popular brand of fragrance gave her higher ratings on nearly all the competencies.

Whilst it might be true that after-shave won't exactly compensate for lack of ability, it might just help to pip others to the winning post. And my friend splashing it on – he was trying out a new wasp repellant.

Britain's long-running rail strikes provide management researchers with an excellent opportunity to measure the (intrinsic) motivation of their staff. The central question is who makes the effort to come to work and who prefers a spot of rose-pruning. A number of favourite hypotheses could be tested, such as the higher your rank in the organisation, the more likely you are to make the effort.

Interesting and important, though difficult and time consuming, this research is unlikely to be pursued because few organisations attempt to keep accurate and reliable measures of absenteeism.

Having no way of monitoring absenteeism leaves organisations susceptible to skivers, hypochondriacs and moonlighters. Further, it makes estimates of days lost through strikes (or illness) vague and open to manipulation for political purposes. How many organisations have any accurate idea of the cost of this rail strike to them?

Some time ago I "came out" as chronobiologically incompatible with my peers and the preferences of most organisations. I am a "lark" – an early bird who prefers to get up and start work early. In at 6am, home at 4pm. My colleagues, indeed most of the world, are "owls" who come alive at the end of the day. They prefer to saunter in at 10am and leave at 7.30pm.

Why are important meetings scheduled at 11am and 4pm and not 9am and 2pm? And why is staying late heroic but arriving early eccentric? The business breakfast imported by the Americans in the heady 1980s seemed not to have caught on in Britain.

The benefits of life as an early bird are manifold – less traffic, lower rates of crime, better quality of air – but all are unheeded.

Alas the data are against me again. A string of British studies (funded by the Medical Research Council) of biological rhythms – measured by body temperature – show the lowest point is about 3am and the highest about 5pm. Because people are more vigilant and attentive when warmer it does make sense, even for larks, to schedule meetings later in the day.

Adrian Furnham is professor of psychology at University College London. Lucy Kellaway is away.

LEGAL NOTICES

No. 4454 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
THE PROPERTY TRUST PLC
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 24th day of August 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £6,250,000 to £1,505,200 by the cancellation of 18,978,800 Ordinary Shares of 25p each.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Evans-Lombe at the Royal Court of Justice, Strand, London WC2A 2LL on Wednesday the 7th day of September 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 26th day of August 1994

LAWRENCE GRAHAM
190 Strand
London WC2R 2JN
Telephone: 071-379 0000 Ref:JWN

Solicitors for the above named Company

OBITUARIES

ON 21ST AUGUST 1994 David Colin McGregor. C.A.F. Inst Petrolium. For many years finance adviser to the ministry of oil affairs Kuwait Govt, and previously with F.C. Strick Co. Basrah Iraq. Lately retired to West Hanney Oxon. Funeral Service to be held at the Church of St James the Great West Hanney, Oxon, on Thursday 1st September 2.30p.m. No flowers please. If desired donations in his memory for the Wild Life Fund or R.N.L.I. c/o R & H Barker, 40, Wantage Rd, Didcot, Oxon OX11 0BT. Enquiries on 0235 510033.

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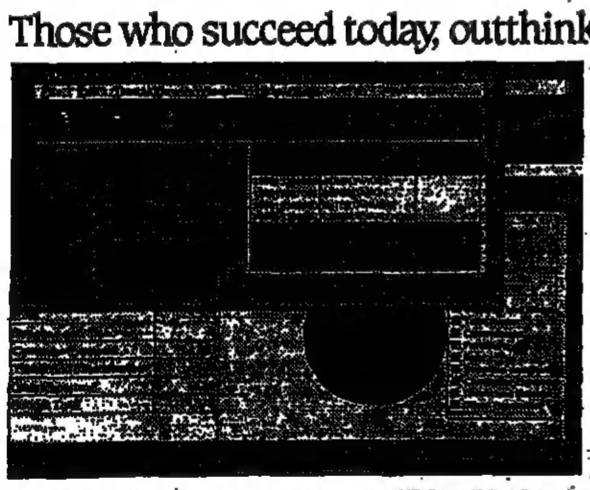

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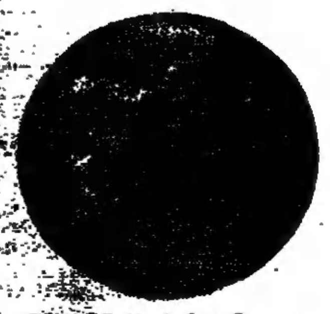

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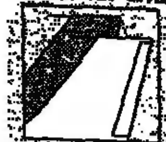
BUSINESS TRAVEL

Blow for smokers



Four airlines are banning smoking on their transatlantic flights.

The most sweeping change comes from Delta Air Lines which says it will ban smoking completely on all flights between the US and Europe from January 1, citing overwhelming support from passengers for the move. It will be the first US carrier to introduce a total ban on transatlantic flights. From October 1, American Airlines will extend no-smoking services to two out of six daily flights between New York and London and to one out of two flights between Chicago and London. And from October 30 United Airlines, already experimenting with no-smoking flights on several international routes, will extend a smoking ban to two out of three of its flights between New York and London.

British Airways is also widening a no-smoking experiment on October 30 to embrace one of its five daily flights between London and New York and all transatlantic routes to and from Canada.

China's rail plan

China plans to begin work this year on a Yuan 6bn ($697m) railroad linking the commercially growing southern towns of Canton and Zhuhai, a Chinese-backed Hong Kong newspaper reported on Friday.

Electric trains should cover the 138km route in about an hour. The link, which is scheduled to open in 1997, is part of a development plan for the buoyant Pearl River delta, which includes Canton and Zhuhai.

Korean crash fault

South Korean police have laid responsibility for the crash of a Korean Air Lines Airbus earlier this month on the Canadian pilot and South Korean co-pilot.

A police official on Cheju Island said at the weekend that Barry Woods and Chung Chan-kyu had been charged with violating aviation laws and causing accidental injuries.

All 160 people escaped before the plane exploded at Cheju. A Transport Ministry report said the voice recorder showed Woods and Chung arguing as they brought the plane down. A final report will be published next month.

UK trains strain

British rail services will be severely disrupted this week by the latest in a series of rolling strikes by signal staff over a disputed pay claim.

British Rail and Railtrack hope to operate about 40 per cent of services. Travellers are advised to contact their local station for information on which services will be running.

The strikes have disrupted train services throughout the summer.

Airport thieves

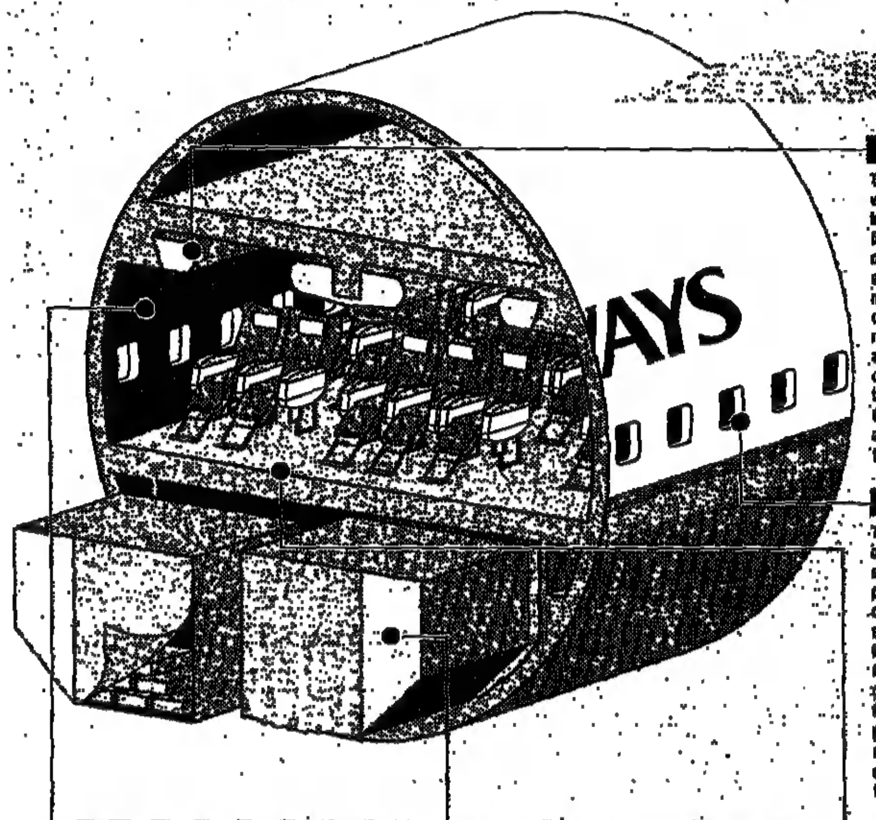
[illegible]

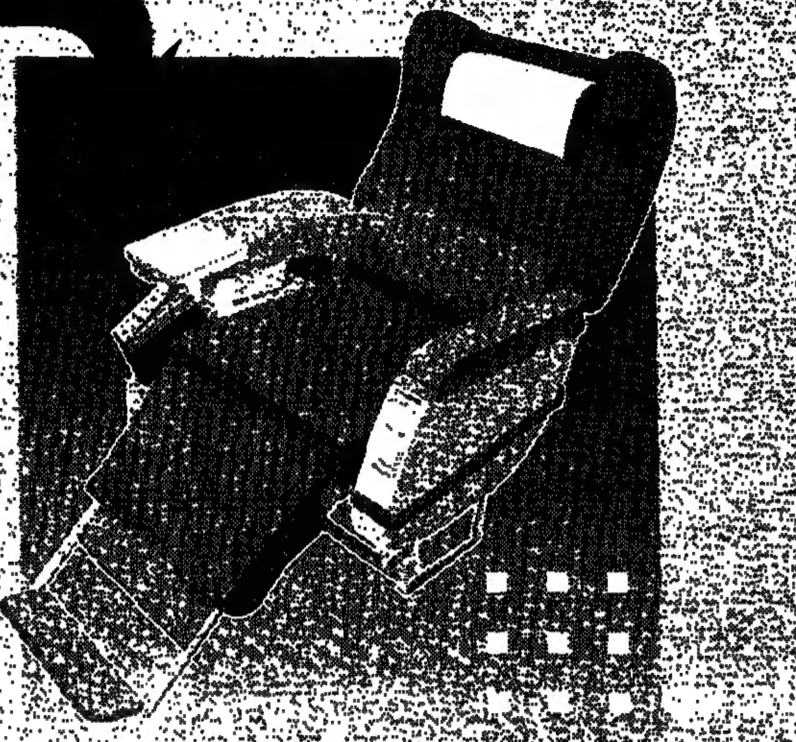
Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
[illegible]	[illegible]	[illegible]	[illegible]	31	30
New York	30	32	32	31	31
[illegible]	[illegible]	[illegible]	19	19	21
Frankfurt	21	21	22	21	21
[illegible]	[illegible]	[illegible]	29	28	22
L Angeles	29	33	26	25	26
[illegible]	[illegible]	27	27	25	24
Paris	22	21	22	23	22
[illegible]	[illegible]	[illegible]	20	22	18

Millions of people travel business class each year. But few are aware of what goes into providing the extra services. Charles Jennings visited British Airways to explore ...

The anatomy of a Club Class flight





Air-conditioning

[illegible]

Windows

[illegible] pane. Normally, the outer pane carries the full load of pressurisation. If the outer pane should fail, the middle pane will take the full cabin pressurisation load - both outer and middle panes are designed to take at least twice the maximum normal cabin pressure on their own: equivalent to a load of over a ton on a single pane. It does not matter if the inner pane is scratched or accidentally damaged, as it does not take any pressurisation load. Thus the risk of doing a "Goldfinger" and being sucked out at 38,000 feet is slim.

Pressurisation

Fresh air is drawn into the plane from ducts on the fuselage, heated and pressurised to around 8 lbs per square inch. This is equivalent to the air pressure found at the top of an 8,000ft mountain. There is no risk attached to this, but it does make it difficult to boil water (as the air pressure drops, so the temperature at which water will boil does) and BA flights have been known to carry special cooking units for passengers who have especially requested boiled eggs.

Baggage hold

This is pressurised, but not usually ventilated (unless livestock is being carried). Thus, the baggage travels throughout the flight in the air in which it took off. It is loaded in containers shaped to fit the contours of the plane, swivelled round on a platform of chrome ball-bearings which line the floor and then pushed down to the far end of the hold by cams built into the hold bulkhead. The emergency oxygen supply cylinders are also located beneath the cabin floor; the oxygen being piped up into overhead masks in the cabin.

Cabin floor

Inside the cabin, 70 square metres of carpeting are used to cover the floor of Club World, with the same area of foam underlay (principally to give passengers the impression they are walking on a thicker pile carpet than they actually are). The aisle carpets (which receive the heaviest wear) are replaced every three months; the rest have to make do with hoovering until the next major redecoration.

Seats

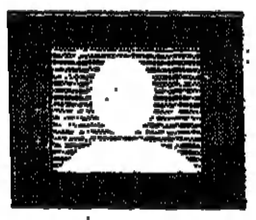
[illegible] strict stress. The backs will recline at an angle of up to 32 degrees to the vertical, they can withstand a 9G static loading and there is no passenger heavy enough to break them. Moreover, all Club World seats were recently recovered in 17 miles' worth of seat fabric.

Lifejackets

[illegible]

Food facts

[illegible]



Entertainment

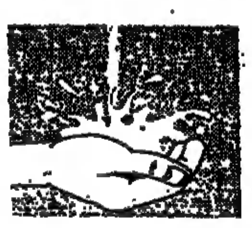
The seat backs now carry individual 6in x7in LCD colour video screens with a compensation mechanism to allow for variations in the angle of the seat back relative to the viewer. There are eight video channels, allowing for 54 hours of video per flight. The cabling for the video and audio channel control, and for the overhead light switch and call button, travels up one of the main seat legs and along a tube located across the bottom of the seat backs.

Blankets, washbags, headsets etc.

Reflecting the fact that business people are more likely to be male than female, BA gives out 1,032,500 men's washbags each year; and 462 women's washbags. 63,000 blankets are used (each being washed several times before being replaced), as well as 400,000 headsets and 324,000 napkins. The equivalent of 20 tonnes of aromatic petals go into the essences supplied in Club speciality bags.

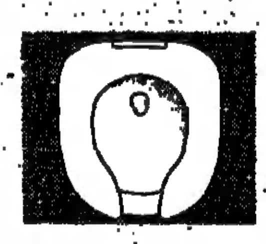
Food storage & preparation

[illegible]



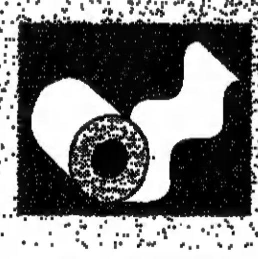
Hand washbasins

These do empty out into the air, rather than into a holding tank - the source of those myths about home counties housewives catching Beri-Beri from a passing plane. The waste water emerges through two drainpipes beneath the aircraft - one just ahead of the wings, the other at the tail. Both drainpipes are kept heated, to prevent them from freezing. 1.3m tablets of soap are used up every year.



Lavatories

There is one lavatory for every 15.5 passengers, each lavatory serviced by a tank holding 16 litres of water. On average, one passenger in five will produce what are known as "solids" during a flight, approximately a quarter of a pound's worth. More generally, every passenger can expect to produce a pound of liquid during a flight. In the unlikely event that a lavatory should fill up, sensors warn the cabin crew, which then shuts the lavatory down.



Holding tanks

[illegible]

Source: British Airways

ARCHITECTURE

Rough guide to English churches

Colin Amery on one of the best ways to learn about history and architecture

This is the season for church calling – a greatly underestimated summer activity that somehow has the undeserved reputation of being confined to young fogies, wearing tweed jackets and riding old fashioned bicycles. Looking at churches, as I have been in Norfolk and Suffolk in the past week, is a remarkably painless way of studying history and architecture. It helps in understanding their relationship to the countryside. But how easy is it to enlarge one's knowledge and understanding when faced with the average description of a parish church in the typed leaflets provided, or in the vicar's guidebook?

Take a typical example: "The church and tower are Perp but traces of Norman work remain. The south aisle is Dec, while the porch is a fine Perp example with good flushwork decoration in checkerboard pattern, with two orders of fleurons at the entrance. The chancel was renewed in 1848 but the stepped triple lancet window remains Perp. The piscina and sedilia clearly belong to the mid-13th century, as do the poppy heads on the choir stalls. Much of the furnishing is very much renewed and considerable damage was caused to the church by the iconoclasts. Note the fine brasses and hatchments."

Is a translation needed, or at least some key that can open the door into the arcane Perp and Dec and early English? The most natural place to turn for enlightenment would be *The Buildings of England* by Nikolaus Pevsner, the invaluable Penguin Guides to all the counties of England. This great German refugee professor did what only a German could do. He methodically tackled the task of listing and visiting every building in England and describing them in an inimitable way that was both accurate and opinionated. Only Pevsner could write the sentence that says: "The Perp font as usual, octagonal", assuming realms of knowledge that most readers are unlikely to have.

It was Sir John Betjeman who memorably described Pevsner as "Herr Professor Doktor" – implying quite rightly that architectural scholarship has its place but is not much use if it cannot enlighten and communicate.

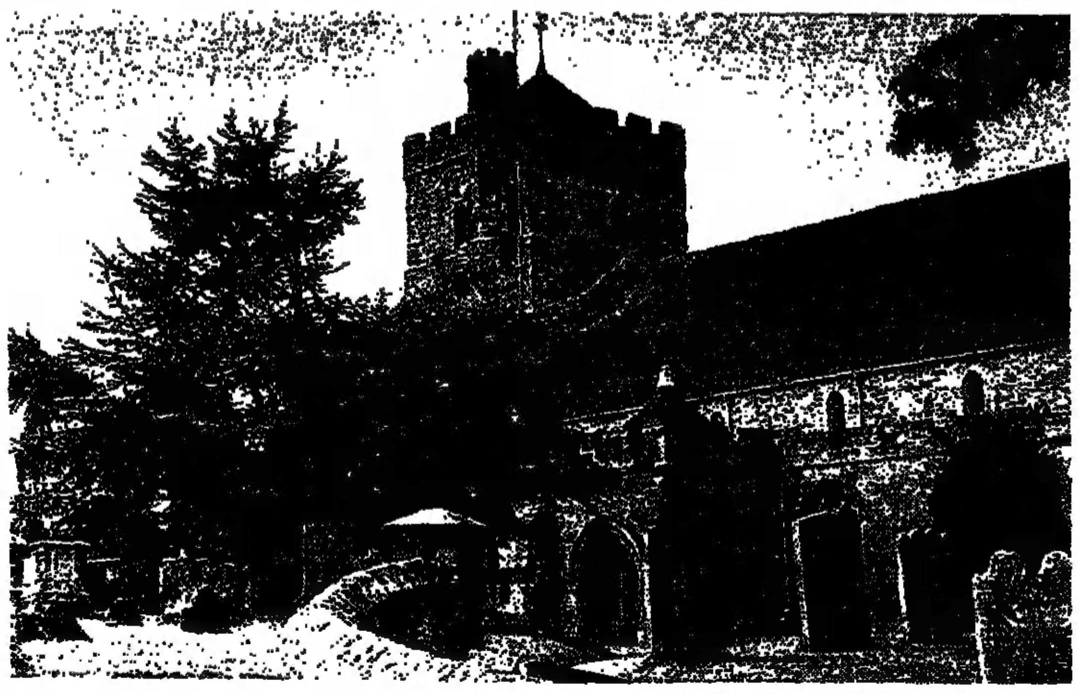
The only thing that really matters when you visit an old church, or examine an historic building, is to understand how to look. Once you learn to spot the clues – and it is easy enough – then visual discrimination and the detective work of architectural history can begin.

When it comes to churches here is a rough guide. The Norman style of architecture was developed in England from 1050 to 1200. You can recognise it by its use of the round arch and the fact that most Norman buildings are very big and solid. This solidity meant that there was no need for large projecting buttresses. Towers are usually square and the place for richly carved ornaments is around doorways. You can tell the difference between early and later Norman work by the thickness of the mortar joints. In the 11th century they were wide and coarse, while in the 12th century they became fine and exact. Much of Durham Cathedral is Norman.

Out of the Norman style emerged the national Gothic style, which is known as Early English or EE. It was struggling to life in 1150 but really flourished for the whole of the 13th century. The arches are pointed and the buildings less fortress like. They also become lighter. Spires appeared and roofs became steeply pitched. Vaults were no longer barrel shaped but became pointed and groined. Decoration became less geometric and more naturalistic – carved foliage can be seen. Salisbury Cathedral is the best example of this style.

It was inevitable that the cool refinement of the early English style would develop into something more elaborate and that is why the Decorated (Dec) evolved during the period 1290 to 1350. This style achieved something that modern architects have never been able to do: ornament became an integral part of the constructional elements of a building. Windows became much wider and gained strength from stone tracery based upon simple geometric designs. Wooden roofs became more elaborate, while piers and columns became slender. Lincoln Cathedral is a good example of the Decorated style.

Perp stands for the perpendicular style and its dates are 1350 to 1530. It looks as it sounds. All the emphasis is upon the vertical. This style represents the ultimate in Gothic architecture. The best way to learn what Perp is is to look at Kings College Chapel in Cambridge. The elaborate "fan tracery" of the roof is the culmination of Gothic vaulting. Arches are flatter and the flying buttress developed at this time to support walls that were sometimes composed entirely of glass. Walls that are not windows are covered with panels that emphasise the vertical nature of these tall Gothic buildings.



Tricia Lee

St Mary the Virgin, Battle. Part of the fun of church calling is not just mastering the basic stylistic differences but noticing the local variations of style and materials.

Kings College Chapel in Cambridge: ultimate in Gothic architecture George Hall

Part of the fun of church calling is not just mastering the basic stylistic differences but noticing the local variations of style and materials. In East Anglia, for example, there is a characteristic use of flint. Sometimes the flint is knapped (made smooth) and sometimes it is contrasted with stone in Heraldic patterns – this is known as flushwork. It is a regional art form of a very high order.

Churches are potent with the palimpsests of architectural as well as national history. The secret to unlocking their pleasure is learning the basic language and recognising different styles as you see them. Then churches become strange and wonderful changing things. They are an endless source of character and beauty.

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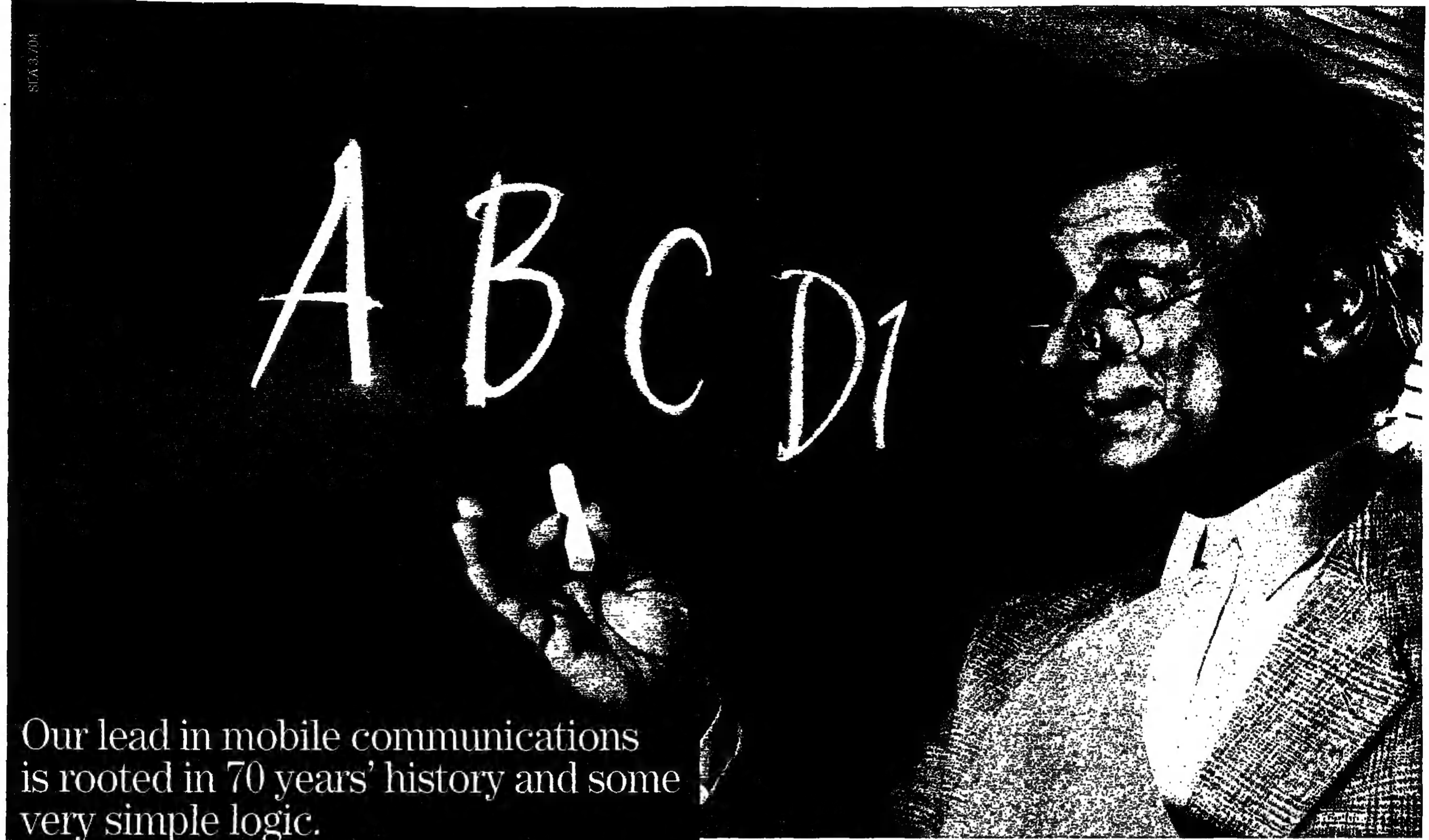
هكذا من الأصل



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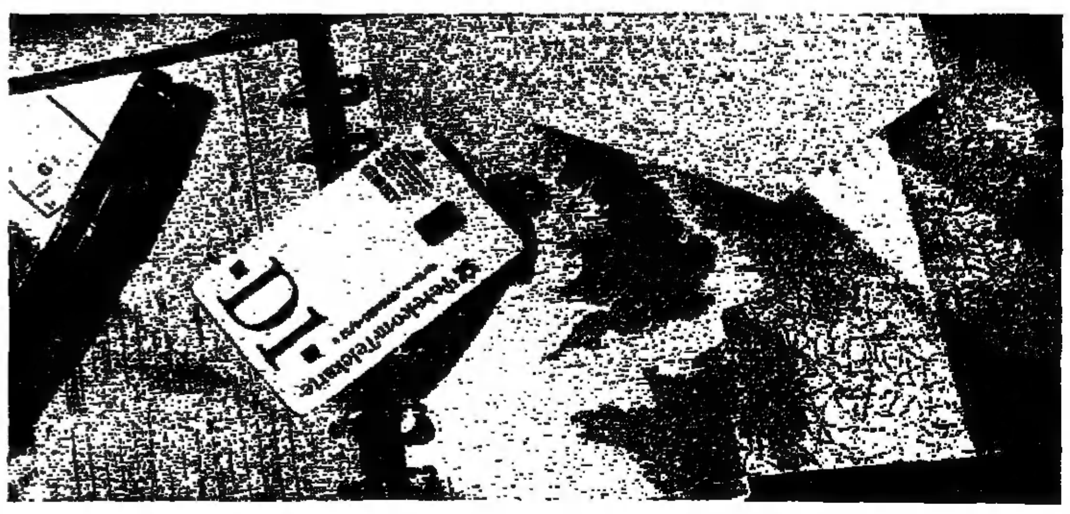

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PEOPLE

Contacts and superstition

... were the building blocks of Thailand's largest hotel chain. Now, says **Victor Mallet**, founder **Chanut Piyaoui** plans to expand abroad

For a woman who says demurely that she knows little about finance or economics, Khunying Chanut Piyaoui is doing remarkably well. She is the founder and managing director of the Dusit Thani group, Thailand's largest hotel chain.

Now aged 72, Chanut (Khunying, roughly equivalent to "Lady", is a title bestowed on women by Thai monarchs) built Bangkok's first modern international hotel 25 years ago. "I didn't know about finance – I just wanted the best," she says.

She went on to establish and manage luxury hotels all over Thailand as tourism and business travel rapidly increased in the 1970s and 1980s. The company, which last year made a net profit of Bt 214m ($8.6m) on turnover of Bt 1.03bn, also holds the Thai franchise for Best Western, the US hotel chain.

On the advice of a fellow director – her son, Chanin Donavanik – Dusit has recently made substantial investments overseas, partly because the growth of tourism in Thailand has started to slow and hotel profits have fallen.

"I would like to invest overseas, not to make a lot of money, but because I want to present Thai customs, Thai tradition, Thai art and culture, Thai food and hospitality."

This apparent high-mindedness, along with her supposed ignorance of financial matters is taken with more than a pinch of salt by those who do business with her. The judgment of one foreign business consultant in Bangkok is perhaps more revealing: "She's as tough as nails and knows everything that is going on."

Those qualities may become more familiar to foreign hoteliers as her group embarks on an ambitious plan to internationalise its operations with hotels in China and Vietnam and in southern Europe.

Like other ethnic Chinese tycoons in Asia, Chanut has fostered an authorised – and thoroughly bowdlerised – version of her life story. Her father came from the Chinese island of Hainan and owned a saw-mill, but he lost his business when he pledged the property as a loan guarantee for a friend who subsequently defaulted; her mother owned a rice-mill.

Chanut's education in Bangkok was disrupted by the second world war and the Japanese occupation of Thailand. Her subsequent attempts to study for a degree in the US were stymied by her poor English.

She was, however, impressed by American hotels and motels, and she returned to Bangkok in her mid-twenties to put up a 60-room hotel called "The Princess" which opened in 1949. At that time most Thai hotels were regarded as brothels. The women who ran them were seen as traditional mama-sans, not hotel managers.

Chanut set out to change all that. She saw the hotel business as a way to become an independent businesswoman. The venture was not a success, but the difficulties she faced – and her stays in the Waldorf Astoria in New York and the Georges V in Paris – gave her the idea of building the five-star Dusit Thani as "the landmark of Bangkok".

The distinctive triangular Japanese-designed hotel, was the tallest building in the Thai capital when it was built in 1970, remains the centrepiece of the Dusit Thani chain. It is patronised by the Thai royal family and aristocracy as well as foreign business executives and tourists.

Chanut's struggle to raise the $20m that was eventually needed to open the hotel has become the stuff of Thai business legend. She is all the more remarkable for being a single woman – a divorcée who calls herself "chairperson" of the company – in an Asian business world dominated by men.

"It was very difficult at that time, especially as a woman," she says, "but most people were kind, so I was able to make it... I didn't have any collateral and I went to see one of the smallest banks and asked the manager to help me. I knew him and his family but the money I needed was much higher than their registered capital, so they asked another bank and they both guaranteed a loan without collateral."

It was not the last time that she displayed an instinct for business opportunities which more than makes up for her lack of formal training. For example, the Dusit Thani's lobby was enlarged after Chanut saw the 400-seat jumbo jets being built in Seattle where she was attending a tourism conference.

She ended a management contract with the Westin group after two years because the profits she was earning were not high enough to pay off her debts. That decision enabled Dusit Thani to grow into a hotel management company in its own right.

The official version of Chanut's career and the growth of the Dusit Thani chain concentrates on the triumphs rather than the failures. Yet the group has not been free from controversy. It has been accused more than once of damaging or trying to profit from what remains of Thailand's natural environment.

The most notable example is the recently-opened Rayavadee resort in southern Thailand which is managed by Dusit. Environmentalists say the hotel is illegally sited in a national park, although Chanut says there is a title deed that proves otherwise.

The official history of her life is so sparse that it leaves much of her business activities since the Japanese occupation in the realm of gossip.

Yet one factor in her rise is abundantly clear. Personal relationships are vital to business in Thailand and Chanut's success reflects the quality of her connections.

Her friendships with members of the Thai royal family have been crucial, but, like all royal matters in Thailand, they are not subject to public scrutiny. Suffice it to say that Princess Galyani, the King's elder sister, opened Chanut's first hotel in Bangkok four decades ago and many subsequently. The land for the Dusit Thani was leased from the Crown Property Bureau.

Political influence and good connections with the Chinese business community are more important than either luck or financial acumen for commercial success in Thailand. Chanut has influence in abundance. Asked if she still relied on personal contacts more than anything else in her business, she replies "yes", but quickly changes the subject. How business is *really* done is never part of the authorised version in Thailand.

Those contacts will be less useful as the group expands internationally, especially outside Asia. Nevertheless Chanut has sanctioned an ambitious drive overseas.

In 1992, Dusit bought a stake in The Melrose in Dallas, Texas, and now manages the property; it opened its first hotel in Indonesia in June this year; it is investing in a resort development in Majorca; the first Dusit resort in Nepal is due to open in 1996; it runs Vietnamese restaurants in Tokyo and Berne; and further deals are being negotiated in China, Vietnam and elsewhere.

The Thai name Dusit Thani, Chanut agrees, is not easy to market internationally, but she is loyal to it. Dusit Thani, the "City in Heaven", was the name given to a proposed utopian town by the late King Rama VI. Chanut prayed to his statue for permission to use it for her first big hotel.

The belief that the success of her business is wrapped up with divine forces as well as royal friendships highlights another aspect of her business style. Chanut, in common with many Chinese entrepreneurs, is superstitious. Her foreign partners will find she uses a powerful device to *determine* the best date for opening a hotel: she consults the Chinese calendar to find a lucky date.

NAMES IN THE NEWS

Government veteran heads Chicago Fed

The new head of the Federal Reserve Bank of Chicago is a non-banker with political connections. He has spent more time in Washington in the past decade than he has on the bank's home turf, a five-state area that includes Illinois, Iowa, Indiana, Michigan and Wisconsin, writes Laurie Morse.

Michael Moskow will assume the Chicago Fed's presidency in September. An economist with a doctorate from the University of Pennsylvania, Moskow served the Bush Administration as Deputy US Trade Representative, working for Carla Hills. In that job he was a principal negotiator for both the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.

A Republican stalwart of 56, he also served for seven years in the Nixon/Ford administration in various posts, and for a time was Nixon's undersecretary of labor. When not in government service, Moskow held executive positions at several corporations in the Chicago area.

Since leaving the Bush White House, Moskow has been teaching strategy and international management at Northwestern University's Kellogg Graduate School of Management. His appointment to the Chicago Fed brings unusual experience in international economics and trade to the regional bank, whose territory includes both rust-belt and grain-belt industries that are the US's largest exporters.

Moskow will have about a year to become accustomed to bank policy before he becomes a voting member of the Federal Reserve's policy-making body, the Federal Open Market Committee. Only five of the 12 regional Fed presidents get to vote on monetary policy at any one time. It's Chicago's turn next year.

Sibley: magic of Hong Kong

Nicholas Sibley, the deputy chairman charged with launching the investment banking joint venture between National Westminster Bank and Wheelock, the Hong Kong trading house, makes no bones about the primary attraction of his new role: it's based in the Far East, writes Louise Lucas.

Hong Kong's magic first bit him in 1972, when he became director of Jardine Fleming, the broking arm which is jointly owned by Robert Fleming – with which Sibley had spent the previous two years – and Jardine Matheson, the colony's oldest hong.

Eleven years later he found himself back with parent Robert Fleming in London, but discovered the city was a very changed place: "It was the old problem of relative decline and what happens as a result."

There was envy to contend with too: "Everyone rather resented the fact that you had spent time overseas while they had lived through the Wilson and Callaghan socialist paradises and had just found themselves getting poorer."

So in 1986 he joined Barclays de Zoete Wedd, later becoming chairman of the group's Asia Pacific operation. He joined Wheelock as managing director of Wheelock CIC in February of this year.

He retains the jovial demeanour and impeccable qualifications of a Jardine man – educated at Trinity College, Oxford, doing his national service as second lieutenant with the VIII King's Royal Irish Hussars and training as an accountant.

But he is finding today's Hong Kong somewhat different from the early 1970s. There are more strange faces and not so many cocktail parties; instead, work takes up a lot of his time. He has no problem at all with 1997, viewing it even as a slight plus: "We'll get rid of all the political nonsense that's been developed here over the past couple of years". (A time span corresponding to Patten's tenure and introduction of an extended democracy.)

His trips to China are few but illuminating: "You don't expect to find yourself suddenly, at the age of 58, in a karaoke bar in Chengdu, but anything in the pursuit of business."

His immediate tasks are to recruit a chief executive officer for Wheelock NatWest, due to be launched around the turn of the year, and then divisional heads. After so long in the world of investment banking, he is confident he will know every name on the headhunters' shortlists.

Sprängare: back to the woods?

Not many business leaders are courageous enough to describe a strategic alliance they have masterminded as a "complete failure," writes Christopher Brown-Humes.

Yet Björn Sprängare, announcing his resignation last week as the chief executive of Swedish insurer Trygg-Hansa, was being disarmingly frank about his performance. Yes, there had been mistakes, he admitted. Yes, the public had lost confidence in him. And, yes, his departure might make it easier for Trygg to get the banking licence it has long coveted.

No one deal unseated Sprängare – rather it was a series of investments that unhappily coincided with the crisis in Sweden's financial sector and brought the company huge losses. But he had his successes, too; he steered Trygg through a difficult demutualisation.

The good news for Sprängare's successor (yet to be chosen) is that Trygg's domestic insurance business is in good shape. The bad news is that the group's difficulties with its investment in the US insurer, Home, continue. After Home's initial public offering misfired last year, Trygg now has a bigger chunk of Home than it wanted. Action is urgent given the heavy losses which Home inflicted on Trygg's mid-term figures.

In truth, Sprängare always looked slightly uncomfortable in the world of financial services, given that his previous career was in the pulp and paper sector. It will be interesting to see whether the call of the woods for this doctor of forest science, whose favourite hobby is retiring to the woods and chopping down trees, is strong enough to lure him back to forestry now.

MEDIA FUTURES

Diller warns against industry's stampede

Raymond Snoddy reports on the QVC chairman's Edinburgh speech

Barry Diller, chairman of QVC, the innovative TV home-shopping channel, has issued a stark warning that major corporations are launching multi-million – and even multi-billion – dollar experiments in new media convergences without any understanding of what these convergences are really about.

Diller's company grew by exploiting television, telecommunications and computers. But he says there are those in these industries who are doing "truly stupid things" in anticipation of enormous markets that do not yet exist.

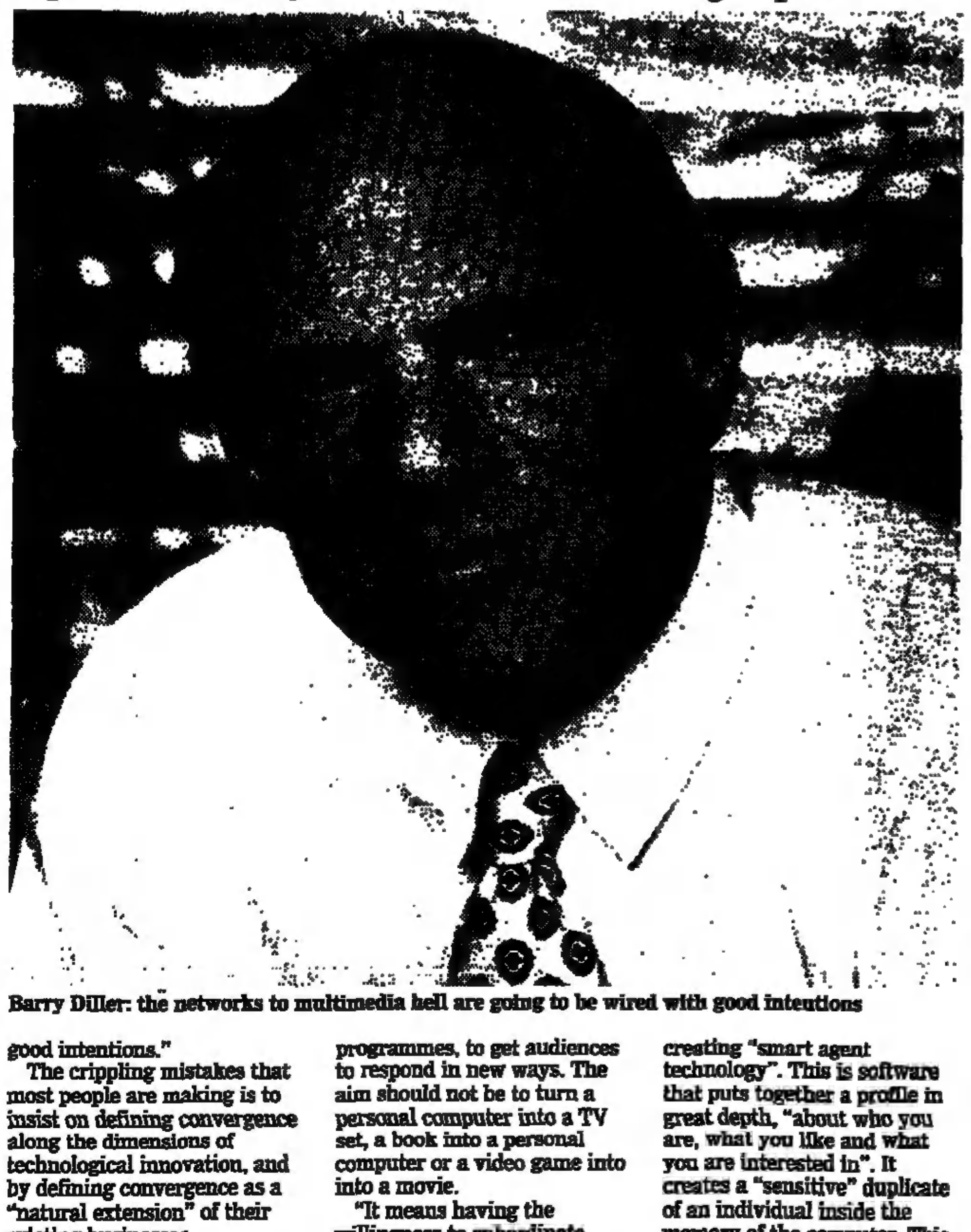
"Telecom companies, broadcasters, book publishers, silicon chippers and software companies fear that, if they don't rush helter-skelter into each other's businesses, the great dance of the next century will pass them by," Diller said at the weekend.

He was giving the annual Worldview international lecture at the Edinburgh International Television Festival. The entertainment executive, who recently failed in his attempt to merge QVC with CBS, the US broadcasting giant, said that Hollywood was going to Silicon Valley and vice versa – each thinking the other would succeed, but not exactly sure at what.

At the same time publishers were spending millions of dollars digitalising books and magazines, and slapping them on to floppy disks and CD-ROMS, in the happy belief that all their intellectual properties are naturally interactive – "whatever that means".

The mega-Titans, the telephone and cable companies, were fighting over who gets into each other's businesses fastest, in the belief that all will be well if they can just own the content that flows down their wires.

"It's more complicated – and a lot simpler - than that," said Diller, who added: "All these companies' intentions are good, but I think, regrettably, the networks to multimedia hell are going to be wired with good intentions."



Barry Diller: the networks to multimedia hell are going to be wired with good intentions

The crippling mistakes that most people are making is to insist on defining convergence along the dimensions of technological innovation, and by defining convergence as a "natural extension" of their existing businesses.

The result is that the programmers, "those organisers of the creative process", are playing the smallest, rather than the largest, role in the truly radical transformations now under way in the communication industries.

The programmers must be encouraged to play the role "of the spark, the ignition to do new things, to make new programmes, to get audiences to respond in new ways. The aim should not be to turn a personal computer into a TV set, a book into a personal computer or a video game into into a movie.

"It means having the willingness to subordinate your media expertise, instead of imposing it. It means treating a new medium on its own terms, not yours. It means having the patience to relax and follow your curiousity, instead of hyperventilating and chasing the crowd," said Diller.

As as example of new thinking, the QVC chairman said the one area where he invested in research at the home-shopping channel was in creating "smart agent technology". This is software that puts together a profile in great depth, "about who you are, what you like and what you are interested in". It creates a "sensitive" duplicate of an individual inside the memory of the computer. This can then be matched in milli-seconds with a database of goods and services.

"I think smart agents are going to be the single most important mechanism for empowering the entire industry. It will finally make mass media fit the individual.

"When it does, people will change their habits. And when people change their habits, watch out," he concluded.

A fever caused by fear

Victoria Griffith on the race by US publishers to get on-line

US publications have been racing to go on-line over the last 18 months. The Chicago Tribune, the San Jose Mercury News, the New York Times and Time magazine are all now available through personal computer on-line services, and the Los Angeles Times, the Washington Post and Newsweek will be on-line by the end of the year.

The on-line fever appears to be partly motivated by fear. "A lot of people in this sector are afraid," says John Lux, on-line editor of the Chicago Tribune. "We were battered by other technologies such as radio and television, and people think the information highway might shrink us again. I think newspapers will be around for a long time. But we also have an opportunity to embrace this new technology, and put some life into a staid industry."

Newspapers and magazines are still feeling their way in the electronic world. "We're going to be shaping the service as we go along," says Victor Perry, vice president of new business development of the Los Angeles Times. "This is new to us. We don't pretend to have all the answers, but it's important to get on the learning curve now. Newspapers without on-line services will be left behind."

The first step for most publications is to make their articles available – usually for a fee – to users of an on-line service. The number of people who will actually read newspapers on-line, though, is probably very limited. "It's not an ideal way to browse a newspaper," says Robert Ingle, president and executive editor of the San Jose Mercury News. "The amount you pay to load the articles into your computer over the telephone is more expensive than buying a paper, and most people don't enjoy reading text on a computer screen. For on-line services to take the place of newspapers you need technology such as a flat panel, an easily portable screen, and wireless communication."

Still, some demand for on-line articles exists. Readers often like to access local newspapers when they are out of town. They also get to read the articles earlier, since publications usually make material available several hours – or in the case of Time magazine, one or two days – before the printed version.

On-line graphics are also improving. More publications are offering photographs through the wire. The Washington Post plans to introduce a service which resembles a newspaper layout, complete with headlines, photographs and captions. Newsweek will include sound in its package.

Because the demand for on-line reading is limited, publications are trying to lure in customers with other services. Many of the on-line newspapers, for instance, offer extensive data bases. The Chicago Tribune and the San Jose Mercury News services allow readers to pull out past articles and supplementary information. A piece on the crime bill, for instance, would probably include a detailed history of its struggle through Congress. The New York Times, Washington Post and the Los Angeles Times also plan to offer plenty of local interest information, such as restaurant and entertainment guides. The guides would be coupled with past reviews from the newspapers.

Interactivity – or communication with readers – is also a key selling point of the services. Almost all the services provide bulletin boards for readers to post comments and questions on articles they have seen. The New York Times holds formal, schedules sessions during which readers can "talk" on-line to journalists and editors. Time magazine has hosted celebrity hours, during which readers can communicate electronically with well-known personalities.

"Interactivity is one of the main reasons people subscribe to a service like this," says Richard Duncan, executive editor of Time magazine. "It's an important way for journalists, who are usually too much in their own world, to get in touch with their readers."

Publications are unsure, though, how far interactivity can be taken. "It can quickly get to the point that demands on journalists will become overwhelming," says Duncan of Time. "If journalists answer every inquiry, it would eventually take up all their time. But if you hire specialists to answer the letters, it defeats the purpose of the interactivity. The industry will have to sort this out."

Other questions remain unresolved. Pricing issues, for instance, will be essential to the services' success, and advertising will play a key role in keeping down costs. "Advertisements are crucial to allow us to provide the service at a low cost," says Michael Rogers, managing editor of Newsweek InterActive. Yet publications are unsure how best to integrate advertising. Many hope to allow readers to purchase items from advertisers directly on-line in the near future. The Los Angeles Times also plans to provide catalogues, and advertising packages on-line. "For instance, we could run a *What's New at Walt Disney* programme as an on-line form of advertisement," says Perry, of the Los Angeles Times.

It is also unclear how much updating readers will demand from the on-line publications. "We do a certain amount of updating during the day," says Mark Potts, director of product development for Digital Ink, the on-line arm of the Washington Post. "If our own stories aren't updated, readers can access updates through the wire services, like Reuters and the Associated Press. We don't have the resources to update everything, though."

Despite the uncertainties, on-line services have already established a firm place in the news industry. Consumers may not cancel their subscriptions for printed news yet, but many seem ready to plug into electronic information. For the old-fashioned newspaper and magazine industry, the on-line services may provide an important impetus to an otherwise slow-growing market.

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ARTS

OPENINGS

BERLIN

EDINBURGH

TURIN

WIGMORE HALL

The 1994/5 season opens with a starry quartet of singers coming together for a lieder evening, featuring Brahms's favourite "Liebeslieder Walzer". Barbara Bonney (right) leads the quartet, which includes Anne Sofie von Otter, Kurt Streit and Olaf Bar. Among the other singers appearing during September are three eminent Americans – Dawn Upshaw, Jennifer Larmore and June Anderson.

Wagner - discord and dynasty

Bayreuth, the world's most celebrated music festival, is the focus of a bitter family struggle, writes **Andrew Clark**

This story is better than any soap opera, and it still has a long way to run. It is about the Wagner clan – a dynasty at loggerheads over an inheritance. The current head of the clan is Wolfgang, who has just published his autobiography and celebrates his 75th birthday tomorrow. The treasure he guards is the Bayreuth Festival, founded by his grandfather in 1876. The supporting cast is a gaggle of next-generation Wagners, hoping to grab a share of the inheritance when Wolfgang dies.

The festival has long been Wolfgang's personal fief. He chooses the artists, welcomes visiting dignitaries, holds forth in a thick Franconian accent from the stage curtain, and is a formidable presence behind the scenes. Together with his elder brother Wieland, he revived the festival after the second world war, freeing it of its disastrous association with Nazism. He has run it alone since Wieland's death in 1966. Bayreuth has been his life.

For all who work at the festival, Wolfgang is an avuncular, silver-haired figure, who knows his grandfather's operas inside out. To his many critics and enemies, he is the Bayreuth blockhead: stupid, arrogant, mulish and greedy. His family liken him to Fafner hoarding the gold in *The Ring* – a dragon who will not let them near the treasure.

Wolfgang's autobiography, *Acts**, is his attempt to set the record straight – before his children, nephews and nieces (all aged around 50) publish their own bitter versions of the truth. It is a catalogue of gossip and self-justification, a settling of old scores, a pent-up reaction to years of sniping at him and his second wife Gudrun. He calls it an interim report, a statement of accounts, "as one who is still an active and creative participant". His own Bayreuth productions may be old hat, but he will probably carry on working until he dies.

Despite a jumbled narrative and much pedantic detail, *Acts* is easy to read – but it is unlikely to enhance Wolfgang's reputation. This is no memoir of a worldly-wise philosopher who has risen above the fray, nor does it adequately reflect his vast knowledge and experience. Never having harboured intellectual pretensions, Wolfgang gives a skimpy analysis of the festival's artistic development. He was always the *Handwerker*, the plodding journeyman more concerned with safeguarding the archives, balancing the books and consolidating the fabric of the Festspielhaus, than conjuring new artistic visions in the manner of his elder brother.

The book underlines the long shadow which Wieland has cast over Wolfgang's life. It opens, perversely, with a detailed description of the atmosphere and intrigues surrounding Wieland's death. Wolfgang's claim that their relationship was based on brotherly love carries little conviction. He scolds Wieland for trying to sell priceless manuscripts in 1945, for rejecting their English-born mother after the war, for excluding him from the "fireside chats" at which Wieland decided artistic policy with his cronies. Reading between the lines, one senses Wolfgang's resentment: from their earliest childhood, Wieland was the anointed one.

So the picture of Wieland that emerges is cool and compromised. The only references that carry weight are when Wolfgang describes his brother as "incapable of handling financial matters properly", and says Wieland's affair with the young Anja Silja was sparked by her unerring feel for his theatrical ideas.

Wolfgang's vituperative attacks on Wieland's wife and children are tame compared to the hostility he shows towards his late sister Friedelind. Like the younger-generation Wagners today, her pot-shots from the sidelines were a constant embarrassment. Wolfgang says he never possessed "the fabulous brilliance and absolute predestination characteristic of many other members of the Wagner family. These qualities seem to preclude their involvement in subordinate activities, but have often prompted them to lay vehement but unjustified claim to positions of paramount authority".

And that is why he has done everything he can to stop the next generation succeeding him. For Wolfgang, the survival of the festival is more important than the continuing involvement of the Wagner family. "The mere statement 'I am a Wagner' has long ceased to be an open sesame." In his eyes, none of the younger Wagners has the necessary training or proved their qualifications independently – and few observers would disagree. Much of the book seems an apology for the irrevocable breach in relations with his son Gottfried and daughter Eva, children of his first wife Ellen. Apart from Gudrun and his parents, the only member of the family to merit affection is his 16-year old daughter Katharina.

The book is a poor reflection of Wolfgang's better side – his openness, his sense of duty, his ability to inspire team spirit – but it does offer some interesting nuggets. The only time the festival orchestra ever went on strike was in reaction to an outburst of abuse from Toscanini in 1931. Free tickets were handed out for some performances in the early 1950s, because there was insufficient demand from the paying public – a far cry from today. When asked to stage the centenary *Ring*, Peter Stein wanted the four parts condensed to two. Wolfgang also reveals that the 1981 Ponnelle *Tristan* (for which he shows little regard) was the most expensive production ever staged at Bayreuth.

Walter Legge, Peter Hall and Georg Solti ("downright aggressive") are the target of predictable brickbats. Hitler, who made the first of many visits to the Wagner household in 1923, is let off lightly. There are good anecdotes about Knappertsbusch and Karajan, who demanded his own WC and headed his correspondence from the Festspielhaus with the word "management". The dull account of Bayreuth's recent history is leavened by shafts of dogged realism: "If something misfired, the public tended to lay the blame at my door; if it succeeded, I had no part in its [redacted]."

One of the book's leitmotifs is the unwavering wisdom of Bayreuth's civic leaders, and their ability to serve the [redacted] best interests. Most of Wolfgang's life [redacted] dedicated to that same purpose. When [redacted] comes to choose a successor, Wolfgang will probably not be around to influence the decision. Under the statutes of the Richard Wagner Foundation, which Wolfgang and his mother set up in 1973 to preserve the festival's independence and protect it from family in-fighting, candidates from the Wagner family must be considered, but there is ample leeway to appoint an outsider.

Gudrun, 50, is a possibility – the festival has a history of widows inheriting the mantle of power. However, most Bayreuth observers reckon she will not command enough support within the foundation, which is dominated by public funding bodies. The most likely outcome is that an experienced intendant will be brought in. The link with the Wagner family will be cut. It will be the end of Bayreuth as we know it.

**Acts* by Wolfgang Wagner. Weidenfeld & [redacted] £25, 324 pages

Wolfgang Wagner guards Bayreuth, the fiercely contested legacy of his composer grandfather Richard Wagner

Perrier Award

Lano and Woodley triumph

Worries that the Edinburgh Fringe was degenerating into little more than a comedy festival were relieved this year when a number of consciously humorous productions registering for the Fringe fell sharply. Even so the annual Perrier Award for the best comedy act on the Fringe always arouses interest and creates considerable ripples.

The joy for the winner is not the money – Perrier gets away very lightly with just £3,000 and a few guaranteed bookings – but the certainty of a sharp rise in performance fees, and the near certainty of a television series. Led by Channel 4, the TV companies have been quick to see the new generation of comedians as cheap material which might just attract the elusive youth [redacted]. Frank Skinner, [redacted] Hughes and Lee Evans are the most recent Perrier winners to feature prominently on the screens.

On Saturday night, in the unlikely surroundings of the Waverley Shopping Centre, Lano and Woodley were named 1994 winners of the Perrier.

It was something of a shock. Colin Lane and Frank Wood are Australians and unknown in the UK. Their victory is the kind of revelatory discovery which makes [redacted] worthwhile. [redacted] even more encouraging, they are not stand-ups – a form of egotistical paranoia with only incidental links to the comic – which thankfully seems to be in decline.

Lano and Woodley are a double act, firmly in the tradition of other comic acts. Laurel and Hardy, Abbott and Costello and Morecambe and Wise would instantly welcome them to the brotherhood. Lano is the good-looking one who (in his own mind at least) ruts all night. Woodley is the screwball, never able to get a date. They live together in comfortable bickering. The act is as wholesome and light-hearted as you could wish. It pleases many and offends none and would comfortably transfer to TV.

Lane and Wood are actors and are able to improvise around the routines. There is audience participation as Woodley tries to prove that he can persuade a girl in the audience to kiss him.

After the years of political correctness; full frontal bawdy; and surreal exhibitionism, the Fringe has finally come up with winners in the musical hall tradition. Lano and Woodley can be seen at the Lyric Shaftesbury Avenue in October in a festival of the Perrier short list. Other contestants of the prize, all stand-up comedians, were Alan Davies, Harry Hill, Jeff Green, Owen O'Neill and the American Robert Schimmel.

Tony Thorncroft

INTERNATIONAL ARTS GUIDE

■ BERLIN

BERLIN FESTIVAL
This year's festival (Aug 30-Sep 29) is built on the theme of Leitmotifs of the 20th Century, with a special focus on the music of Pierre Boulez and Berthold Goldschmidt. The opening week features the Maly Drama Theatre of St Petersburg in two Lev Dodin productions – a commentary on Communist Russia entitled Claustrophobia, and Fyodor Abramov's play The House (at Volksbühne am Rosa-Luxemburg-Platz and the Schaubühne). For a complete prospectus, contact the festival office at Budapester Strasse 48, near Kurfürstendamm (2548 9250)

CONCERTS
Philharmonie Tomorrow: the 1994 Berlin Festival opens with a concert performance of Berthold Goldschmidt's opera Beatrice Cenci, with cast headed by Roberta Alexander and Simon Estes, conducted by Lothar Zagrosek. Wed: Daniel Barenboim conducts Berlin Staatskapelle in works by Boulez and Beethoven. Fri: Cherubini Quartet plays Haydn. Sat and Sun: Vladimir Ashkenazy conducts Berlin Radio Symphony Orchestra in Mozart and Messiaen. Sat (Kammermusiksaal): Peter Serkin, Pamela Frank and Yo Yo Ma play chamber music by Webern and Brahms. Sun (Kammermusiksaal): Christian Tetzlaff and Heinrich Schiff play sonatas for violin and cello. Next Mon and Tues: Claudio Abbado conducts Berlin Philharmonic Orchestra in a Russian programme. Next Mon (Kammermusiksaal): Alfred Brendel and friends play Mozart's Piano Quartet K478 (2548 8132)
Olympia-Stadion Thurs: Phil Collins (809800)
Waldbühne Fri: Daniel Barenboim conducts Verdi's Requiem (200 4762/2035 4494)
Schauspielhaus Sat and Sun: Rafael Frühbeck de Burgos conducts Berlin Radio Orchestra in works by Berg and Bruckner, with violin soloist Ernst Kovacic (2090 2156)

OPERA/DANCE
Deutsche Oper The 1994-5 season opens on Thurs with a revival of Aribert Reimann's 1992 Kafka opera Das Schloss, staged by Willy Decker and conducted by Michael Boder, with a cast headed by Wolfgang Schöne (repeated Sep 10 and 15). Julia Varady stars in Un ballo in maschera on Fri, and Helen Field sings the title role in Madama Butterfly on Sat. Katya Kabanova can be seen on Sun and next Wed (341 0249)
Staatsoper unter den Linden Roland Petit's Ballet National de Marseille gives guest performances on Sat, Sun and next Mon. The first opera production of the season is Florian Leopold Gassmann's L'opera seria, opening on Sep 9 at Hebbel-Theater (200 4762/2035 4494)
Komische Oper Repertory performances begin tomorrow with Die Zauberflöte. The first new production is Berthold Goldschmidt's Der gewaltige Hahnrei, opening Sep 16 (229 2555)

■ NEW YORK

THEATRE
● Philadelphia, Here I Come!: at last, a new show on Broadway - and a play, no less. Milo O'Shea, Robert Sean Leonard and Pauline Flanagan star in Brian Friel's drama about the rocky relationship between father and son in rural Ireland. Directed by Joe Dowling. Now previewing, opens Sep 8 (Roundabout, 1530 Broadway at 45th St, 869 8400)
● The Two Gentlemen of Verona: summer in New York means free Shakespeare in Central Park, care of the New York Shakespeare Festival. The revamped box office policy means that audiences no longer need to queue all day for tickets – though that was part of the fun. This production of Shakespeare's comedy, directed by Adrian Hall, is now in its final week. Enter the Park at 81st Street and Central Park West or 79th Street and Fifth Avenue (861 7277)
● Angels in America: Tony Kushner's two-part epic conjures a vision of America at the edge of disaster. Part one is Millenium Approaches, part two Perestroika, played on separate evenings. The cast is headed by F. Murray Abraham (Walter Kerr, 219 West 48th St, 239 6200)
■ Three Tall Women: a moving, poetic play by Edward Albee, dominated by the huge, heroic performance of Myra Carter. She, Jordan Baker and the droll and delightful Marian Seldes represent three generations of women trying to sort out their pasts (Promenade, Broadway at 76th St, 239 6200)
● Carousel: Nicholas Hytner's bold, beautiful National Theatre production from London launches Rodgers and Hammerstein towards the 21st century (Vivian Beaumont, Lincoln Center, 239 6200)
● Kiss of the Spider Woman: pop star and ex-Miss America Vanessa Williams has taken over Chita Rivera's starring role in the long-running Kander and Ebb musical directed by Harold Prince (Broadhurst, 235 West 44th St, 239 6200)
● Crazy for You: a highlight of this glitzy entertainment is Susan Stroman's choreography (Shubert, 225 West 44th St, 239 6200)
● Guys and Dolls: a top-notch revival of the 1950 musical about the gangsters, gamblers and good-time girls (Martin Beck, 302 West 45th St, 239 6200)
● Stomp: a loud, aggressive and energetic show in which a troupe of performers dance, clap and generally bang on everything in sight. Far more engaging that you might expect (Orpheum, 126 Second Avenue, 307 4100)

OPERA/DANCE
State Theater New York City Opera's autumn season opens on Sep 8 and continues till Nov 20. There will be new productions of Borodin's Prince Igor (Sep 10) and Bernstein's Wonderful Town (Nov 8). Repertory also includes Die Zauberflöte, Il barbiere di Siviglia, Carmen, Tosca, Delibes' Lakmé and Boito's Mefistofele (870 5570)
Metropolitan Opera The 1994-5 season begins on Sep 26 with a gala featuring Placido Domingo in Puccini's Il Tabarro and Luciano Pavarotti in Leoncavallo's I Pagliacci (362 6000)

CONCERTS
Avery Fisher Hall The New York Philharmonic's season begins on Sep 21. The orchestra's music director, Kurt Masur, conducts the first three weeks of concerts (875 5030)
Carnegie Hall The new season begins on Sep 29 with a concert by the Academy of St Martin in the Fields, with mezzo Cecilia Bartoli (247 7800)

■ PARIS

OPERA
The 1994-5 season at the Opéra Bastille opens on Sep 19 with Nicolas Brieger's new production of Simon Boccanegra - conducted by Simone Young, who takes the place of recently-dismissed Bastille music director Myung-Whun Chung. The title role will be sung by Vladimir Chernov (10 performances till Oct 14). Bob Wilson's version of Madama Butterfly is revived on Sep 29. The season also includes Le nozze di Figaro, Lucia di Lammermoor, La Damnation de Faust, Un ballo in maschera, Iphigénie en Tauride, Die Zauberflöte and I Capuleti e I Montecchi (4473 1300). The new Ring production at the Châtelet continues with Siegfried on Oct 14 and Götterdämmerung on Oct 16. There will be two complete Ring cycles between Oct 31 and Nov 13 (4028 2840)

DANCE
The Paris Opéra Ballet's 1994-5 season takes place mainly at the Opéra Bastille. It opens on Oct 25 with the traditional Grand Défilé, followed by Balanchine's Le Palais de cristal (Symphony in C) to Bizet, The Four Temperaments to Hindemith and Jerome Robbins' Glass Pieces to Philip Glass (12 performances till Nov 17). The season also includes a young dancers programme, Nureyev's production of Swan Lake, a triple bill including works by Balanchine and Martha Graham, John Neumeier's Magnificat and a Nijinska-Nijinsky programme (4742 5371)

CONCERTS
Semyon Bychkov conducts the Orchestre de Paris in the first concerts of the new season at Salle Pleyel on Sep 14 and 15, with piano soloist Radu Lupu (4561 0630)

FESTIVAL D'AUTOMNE
This year's festival runs from Sep 20 to Dec 30. Highlights include Peter Stein's Moscow staging of the Oresteia, a Robert Lepage production, a Bob Wilson adaptation of Dostoyevsky, and The Merchant of Venice directed by Peter Sellars. The dance programme includes Trisha Brown Dance Company, and there is a special focus on the music of György Kurtag (Festival d'Automne à Paris, 156 rue de Rivoli, 75001 Paris. Tel 4296 1227 Fax 4015 9288)

ARTS GUIDE
Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV
(Central European Time)
MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports [redacted] FT Reports [redacted] 1730;

Strict agenda for jobs

PERSONAL VIEW

The current [illegible] on full employment is in danger of starting off with the wrong agenda. Full employment cannot be achieved simply by deregulating the labour market or cutting labour costs.

The basic problem has been the level of demand, not the cost of labour. If the demand for products were higher most firms could profitably produce more at the same price and wage levels, either by utilising existing capacity more fully or by installing new – and more efficient – capacity.

To restore full employment the first prerequisite is to reverse the deflationary bias of monetary and fiscal policy, which was the prime cause of the rise in unemployment in the first place.

The fall in tax receipts and increase in social security costs during the recession has meant, however, that fiscal policy has become dominated by a desire to reduce borrowing, irrespective of whether further deflation is appropriate. This has now reached the point where it is being widely suggested that the government should cut taxes when recovery is well under way and revenue is higher, rather than during the recession when the economy needed a stimulus.

But while higher demand is an essential condition for reducing unemployment, it is not in itself a sufficient remedy. The deflationary fiscal and monetary policies which raised unemployment during the 1980s were adopted to counter inflation. We cannot expect to reverse them without finding alternative means of avoiding inflation. Post-war experience, in the UK and elsewhere, shows that to avoid a wage/price spiral with low levels of unemployment some form of co-ordinated pay bargaining is essential. Only by taking a national, rather than a purely local, view will the common need to avoid inflation be taken into account.

Despite the government's optimism about inflation, the increasing fragmentation of wage bargaining in recent years has made a renewal of the wage/price spiral more, rather than less, likely [illegible] recovery gets hold.

Making pay more sensitive to market conditions may hold down wages when demand is weak, but it makes them more likely to increase rapidly again when recovery takes off. Far from being a means of securing full employment, decentralised and deregulated labour markets make continued mass unemployment the only means of keeping down inflation.

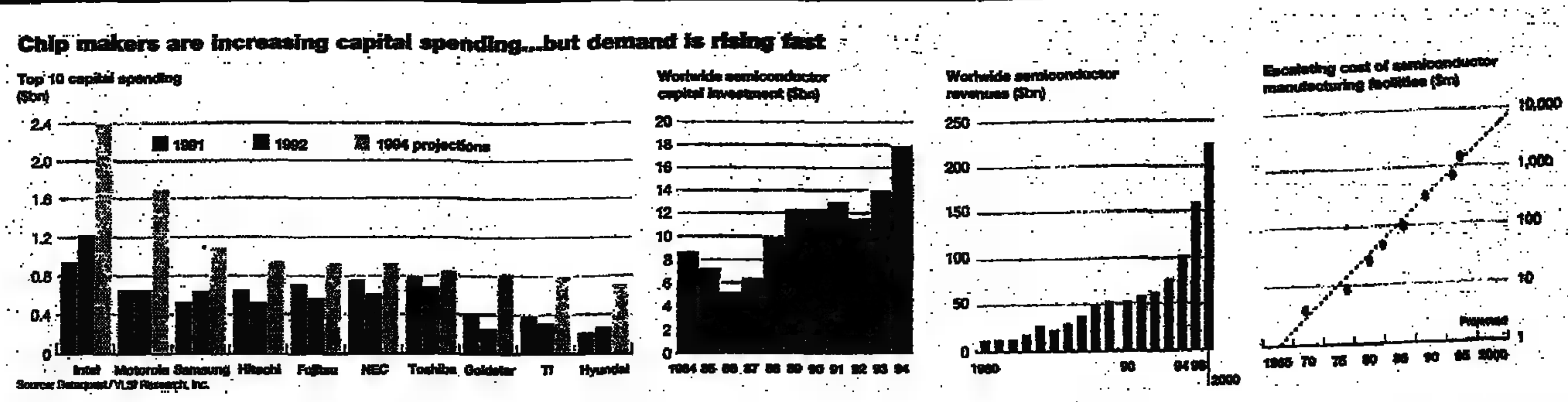
The wage/price spiral is, however, only one source [illegible] inflation. The other is the [illegible] running up against shortages of capacity. The prolonged period of heavy unemployment has left us without sufficient capacity to employ the available labour force. The need today is for investment in additional capacity. The experience of the 1980s, however, is bound to make managers cautious, as the recent CBI and Bank of England surveys of target rates of return indicate.

A more plentiful supply of equity capital and less reliance on loans and overdrafts could help smaller companies survive any temporary recessions. But with larger companies, it is primarily a case of the UK and other governments being able to demonstrate their determination to follow more expansionary policies. Only the US has as yet shown any signs of moving in this direction. As long as any recovery is likely to be halted in mid-stride for fear of inflation – as talk of higher interest rates suggests – companies will be reluctant to invest in new capacity.

If the restoration of full employment is to be more than empty rhetoric, fundamental changes in attitudes are essential, with a greater willingness to adopt co-operative solutions to economic problems. The CBI and [illegible] TUC could make [illegible] big contribution by ignoring pejorative comments [illegible] "return to corporatism" and by sitting down together to thrash out an understanding on pay for the private and public sec[illegible] If [illegible] "politically impossible", [illegible] so [illegible] full employment.

John Grieve Smith

The author is senior bursar of Robinson College, Cambridge.



Tension rises when the chips are down

Louise Kehoe on increasing fears that world demand for semi-conductors is set to outstrip manufacturers' capacity

A $150bn dollar question is hanging over the future of the world semiconductor industry. This [illegible] the amount that most industry executives say must be spent on new chip plants over the next five or six years if production is to keep pace with projected demand. But there are doubts manufacturers will spend it.

Chip makers worldwide are expected to spend a record $18bn on new plant and plant expansions this year. Even at this rate of capital investment, however, the industry is unlikely to achieve its end-of-century goal, prompting a top executive to predict a serious shortage of semiconductor chips.

"It is either a lack of resources or a lack of guts" that is holding back semiconductor industry capital investment, says Dr Gordon Moore, chairman and co-founder of Intel, the world's largest chip maker. Whatever the reason, he believes that "investment is far from that required to sustain the growth in silicon processing".

The shortfall has potentially broad economic implications, far beyond the bounds of the chip industry. Sometimes described as the "crude oil of the information age", semiconductor technology fuels the entire $700bn a year electronics sector, which includes computers, telecommunications and consumer electronics. A wide range of industries that rely upon electronics for factory automation or information processing could also feel the effects.

"Either the [semiconductor] industry growth will slow, or we are entering a period of high undercapacity. I see little evidence of the slowing of growth," says Dr Moore. His "Moore's Law", which describes the advance of chip technology in terms of a doubling of the number of transistors per silicon chip every 18 months, has held true for more than two decades.

Indeed, world semiconductor sales have grown at an average 16 per cent a year over the past 20 years, despite cyclical peaks and troughs in the market. This year, worldwide merchant semiconductor sales (excluding chips produced by companies for their own use) are expected to top $100bn.

By 1998, world chip sales are projected to reach $160bn and industry revenues are projected to be about $225bn by 2000, according to Integrated Circuit Engineering, a semiconductor market research group.

What is harder to predict is where the greatest increases in demand for chips will be. Today the surge in personal computer [illegible] driving growth in the semiconductor industry, and most observers expect that PCs will continue to be the biggest market for chips for many years. But these tiny squares of silicon etched with microminiature electronic cir[illegible] are now ubiquitous, hidden within the works [illegible] everything from [illegible] to communications [illegible]

[illegible] products that might [illegible] sume huge quantities of semiconductor devices include TV "set top boxes" that link homes to information superhighways and pocket telephones, which are expected to be as [illegible] as blue jeans early next century.

Even if [illegible] for semiconductor demand are optimistic, chip makers will have to invest more heavily if they are to continue to produce ever more complex devices. Only the newest, state-of-the-art fabrication plants – "fabs" in industry jargon – can produce the latest generations of microprocessors and memory chips.

Already, there is a shortage of "advanced" chip production capacity, says Mr Dan Hutcheson, president of VLSI Research, a semiconductor industry consulting group whose clients include the Clinton administration. "And there will continue to be a shortage of capacity for the foreseeable future," he says.

Obsolete plant is not being replaced or upgraded sufficiently quickly, says Mr Hutcheson. It will take 50 years to replace all of the "fabs" [illegible] for production [illegible] current capital spending rates, he predicts.

The biggest problem facing the chip industry [illegible] the rapidly rising cost of new plant, [illegible] equipment becomes more sophisticated to meet ever more exacting specifications. Since the mid-1970s the cost of building a state of the art, economically viable new chip "fab" has risen from about $20m to as much as $1bn. And the cost continues to climb "almost exponentially", says Dr Moore. "We are well on our way to $2bn semiconductor plants."

> **'Either the industry growth will slow, or we are entering a period of high undercapacity'**

Intel estimates it will spend about $5bn to produce its latest Pentium microprocessors, the brains of powerful PCs, in peak volumes. This is five times the cost of peak production of the current generation of 486 microprocessors. Mitsubishi, a Japanese chip maker, says it will need a $15bn investment in order to be able to produce one gigabit memory chips (devices that can store 1,000m bits of information) around 2000.

Despite the rising cost of chip production, however, the industry's rate of capital spending has remained fairly constant over the past 10 years at about 20 per cent of revenues.

As costs rise, the number of companies that can afford to participate in the semiconductor industry is dwindling, so limiting the industry's sources of investment. Only a few "big spenders" remain. These include Intel, planning capital expenditure this year of $2.4bn, and Motorola, the second largest US chip maker, with a $1.7bn capital budget. Korean and Taiwanese semiconductor producers [illegible] also rapidly expanding production, with Samsung, the Korean producer, setting the pace with planned investments this year of about $1.1bn.

Lagging the rest of the industry are most Japanese chip makers. After leading the [illegible] semiconductor capital spending throughout the 1980s, the Japanese industry halted most of fresh capital investment in 1992 when its domestic economy went into recession.

"For years, Japanese conglomerates could afford to allow their semiconductor divisions to spend freely on capital additions, even through downturns in the semiconductor market," says Bill McClean of Integrated Circuit Engineering.

Since 1992, however, the non-semiconductor operations of the Japanese conglomerates have performed poorly, drying up the source of capital for their semiconductor operations. Japanese companies are starting to invest again, and are expected to spend about Yen655bn ($6.5bn)this year on new plant for chip manufacture, up 17 per cent on last year but still 24 per cent below 1991 investment levels.

In [illegible] ironic reversal of fears in the mid-1980s that Japanese companies would dominate [illegible] semiconductor market, US chip makers now worry that some Japanese companies will scale back their involvement, creating a void that may be hard to fill.

For those companies staying in the market, particularly the few that can afford to build $1bn plants at the rate of about one each year, the semiconductor business is becoming increasingly profitable. Intel recorded pre-tax profits of almost $2bn, or 36 per cent of revenues, for the first half of this year, an industry record. Korea's memory chip makers are also reaping the rewards of their heavy investments in manufacturing capacity, says Mr Hutcheson, with profit margins on Dynamic Random Access Memory chips topping 30 per cent.

Dr Moore looks forward to the day when the price of Intel's chips will reflect their performance and be "based on the value of the product, rather than its manufacturing costs". While price based on product value may not be unusual in other industries, it is a radical departure from trends in the semiconductor business.

For as long as anyone can remember, the "price per bit" – a measure of the cost of the computing power or storage capacity of a semiconductor chip – has been declining. Today, the price of a 4 megabit memory chip today is about the same as the 1989 price of a 1 megabit memory chip. In other words, the price per bit is a quarter of what it was five years ago.

If this trend were to be reversed, it could lead to some big changes in the [illegible]ter industry. No [illegible], for example, would the average selling price of PCs decline while computing power increased.

"By about 2003 or 2004 we are going to see the real cost of computing power turn upwards," Mr Hutcheson predicts. "We are going to see a massive increase in chip prices."

In an industry where one year forecasts are suspect, predictions beyond 2000 must be regarded as speculative. Nonetheless, it appears that unless there is a significant increase in capital investment in the semiconductor industry over the next few years, the era of ever cheaper chips may be drawing to a close.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

One other choice for Remploy

From Elaine Cruikshanks.

Sir, I was saddened by the statement by Remploy's chief executive that, while he had known about the UK government's intention to axe the priority scheme for companies employing disabled workers for more than a year, he had assumed that he had no choice but to accept the government's plan ("Remploy chief hits back at Portillo", August 24).

Clearly one can criticise Mr Michael Portillo's action, as Mr Worthey is now doing. However, it is regrettable that the chief executive of Remploy should unquestioningly have accepted the words of the UK employment minister, without having recourse to the [illegible]pean Commission, at [illegible] door the blame for withdrawal of the scheme is being laid. Had he done so, he might have learned that the German government is drafting a law based on the UK scheme, apparently with the European Commission's blessing.

As many companies and organisations with a representation in Brussels can confirm, the very reason for having independent sources of information is that government and industry viewpoints on issues will inevitably diverge.

While the easiest and most comfortable methods of keeping abreast of policies which affect British [illegible] would [illegible] through UK government departments, it pays to remember that political expediency or opportunity [illegible] often [illegible] ministers' policies and actions.

[illegible] this reason, Mr Worthey's [illegible] should [illegible] taken [illegible] heart, not only by Remploy's employees, but [illegible] by other British industry organisations not [illegible] in [illegible]

Elaine Cruikshanks,
managing director,
Hill and Knowlton International Belgium,
[illegible] Public [illegible] Counsel,
1050 Brussels.

Blind users of blank tapes object to levy

From Mr Ian Bruce.

Sir, I [illegible] point [illegible] by Wayne Bickerton [illegible] the Music Copyright Reform Group (Letters: August 24) that blind users of blank tapes *would not be hit by the European* Commission's proposals on the introduction of a blank tape levy.

Access to information is one of the main problems facing the 1m blind and partially sighted people in the UK – tape often provides the solution. The importance of tape is increasingly acknowledged by information providers; and it is vital to encourage further use of tape as a communication medium. It is clear that the majority of visually impaired people do not infringe copyright in their use of tape.

The MCRG claims that the proposal will allow member states to exempt or compensate blind users of tape. The Royal [illegible] Institute for the Blind [illegible] consistently opposed [illegible] introduction [illegible] a blank [illegible] levy because we are unconvinced that it is possible to create a comprehensive and workable exemption scheme, [illegible] bureaucracy prob[illegible]

RNIB [illegible] that the difficulties [illegible] developing an exemption scheme raise serious questions about the introduction of a blank tape levy. It believes there can be no justification for a levy when blind people use tape for the purposes of overcoming disability.

Ian Bruce,
director general,
RNIB,
224 Great Portland Street,
London W1N

NVQs and sales professionalism

From Mr Richard Berry

[illegible] report on the professionalism of salespeople, or lack [illegible] it, ("Unloved and incompetent", August 25) is, sadly, largely true. The Kinnaird survey findings are similar to those of the Sales Qualifications Board's survey, published last year at the launch of the first sales NVQs.

Apart from the self-employed *sector, total employment costs,* last year, of the UK's 400,000 [illegible] and women, were £11.8bn – 4 per cent of their companies' total sales revenue and, in many cases, their larg[illegible] [illegible]. Our survey showed that less than 5 per cent had any recognised quali[illegible] in selling [illegible] that none of these qualifications were to any nationally agreed [illegible] competence.

The [illegible] NVQs now on offer, [illegible] designed not just to focus training [illegible] the essential competencies required of salespeople in any industry, but [illegible] give [illegible] people the opportunity to be part of a recognised profession.

More than 300 companies have embarked on the process of becoming assessment centres for sales NVQs, which shows that the industry does recognise the problem.

Richard Berry,
Sales Qualifications Board,
London, WC2 9DP

Fundamental revision of water charging is required

From Dr Alan Holmans and Mrs Stephanie Holmans.

Sir, Professor John Kay (Personal View: "Clever trick but the cracks remain", August 16) pointed out that [illegible] large part [illegible] the [illegible] industry's present investment programme comprises environmental capital expenditure.

Householders are not simply paying for water and sewerage services, as they are for gas and electricity supplies. They are also paying for purer water and [illegible] rivers and beaches. In this respect [illegible] charging is fundamentally different from [illegible] and electricity pricing.

It is the principal reason why [illegible] are "inflation plus" price *limits for* the water *companies,* as against "inflation minus" for British Gas and the regional electricity companies. It [illegible] the main reason for much larger inter-regional disparities in water charges than in the charges of other utilities.

[illegible] charges have [illegible] cover [illegible] separate [illegible] of capital expenditure – to [illegible] a growing demand and improve [illegible]rity [illegible] supply, [illegible] to produce environmental benefits. The former is the normal activity of a utility, similar to that of the gas and electricity industries. Environmental benefits, however, are "public goods" (available to all, whether [illegible] not they have paid [illegible] them). Ideally, public goods should be tax-financed. But water charges contain a large compulsory element, because water is a *natural monopoly* with no real substitute and is also a necessity.

If the environmental component of water charges is treated as [illegible] *de facto* tax it performs poorly in terms [illegible] accepted tax principles. There are arbitrary geographical disparities. Because most domestic water charges still depend on [illegible] values, their incidence is regressive. Rate rebates mitigated the regressiveness of domestic [illegible] There [illegible] no similar scheme [illegible] charges.

When [illegible] were [illegible] tax, the [illegible] support grant [illegible]tem included an equalisation [illegible] to produce equal rate poundages for equal expenditure, in [illegible] need, across all authorities. The [illegible] and finances [illegible] purer water and cleaner rivers and beaches should also [illegible] equalised nationally. Present arrangements produce pooling within [illegible] water company's territory. Different geographical and [illegible] factors account for large arbitrary [illegible] in individual [illegible] companies' environmental expenditure and [illegible] charges which [illegible] not compatible with principles of equitable taxation.

Amendments [illegible] 1989 legislation would be needed if water charges were to be split into two parts. The "tax" component of water charges should be based on national equalisation of environmental costs and finances. It should also be related more closely to the ability to pay, via a rebate scheme. The charges for water utility services, on the other hand, could continue to be determined by Ofwat within the existing regulatory framework.

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هكذا من الاصل

FINANCIAL TIMES

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Monday August 29 1994

Banking on Mr Kohl

The clouds have started to lift over [redacted] German economy during the past six months, and Mr Helmut Kohl has been making the most of the sunshine. At the beginning [redacted] the year, the [redacted] lor was trailing in [redacted] opinion polls. However, [redacted] more vigorous than [redacted] economic recovery and mistakes by the Opposition have increased the chances that Mr Kohl and his centre-right coalition will retain power in the October 16 election.

The government now predicts [redacted] growth [redacted] Germany this year, [redacted] percentage point better than projected in January. [redacted] business optimism is the main reason why the coalition has forged nine percentage points ahead of the Social Democrats in latest opinion polls.

Mindful [redacted] no postwar German chancellor has ever lost his job as the direct result of [redacted] general election, Mr Kohl is exploiting the authority of 12 years in office – but his party should avoid the [redacted] campaign on personality [redacted] rather than policy. He has reasserted his Christian Democratic Union's hold over the political centre and headed off the once-acute danger from the far right.

Mr Kohl's SPD challenger Mr Rudolf Scharping is in a less com[redacted] position. Mr Scharping has lost credibility since his revelation in March of proposed [redacted] increases [redacted] middle-income [redacted]

Moreover, Mr Scharping has to contend with [redacted] to the SPD's left, [redacted] Greens [redacted] the Party of Democratic Socialism, the [redacted] German [redacted] party. These groupings are not only rivals but also potential allies of the SPD. Mr Kohl has ruthlessly played on many voters' fears that a vote for the SPD could be [redacted] vote for the far left.

East-west gulf

In view of visceral anti-communism in west Germany, this is an effective tactic, but it also risks accentuating the gulf between west and [redacted] Germans.

[redacted] united Germany, the [redacted] toral weapon is Mr Kohl himself. [redacted] underlined by the party's man[redacted] and yesterday's rally in Dortmund the CDU's campaign will draw heavily on opportunities to portray [redacted] chancellor [redacted] a leading international [redacted]

If re-elected, Mr Kohl will have to turn much attention to international affairs. A large part of his domestic popularity stems from his commitment simultaneously to widen and deepen the European Union.

The next German government's main preoccupation will remain the economy. With real incomes squeezed by unification strains, the recent economic improvement is mainly due to sharply higher exports. German industry has regained competitiveness more quickly than expected through heavy cost-cutting. A negative side-effect is that large-scale structural unemployment is now starting to look durable.

Tax burden

On the fiscal side, overall taxes and levies in Germany account for about 47 per cent of gross domestic product, higher than any other big industrial country apart from France. Keeping German fiscal policy on track towards the Maastricht targets and diminishing the tax burden will be top policy prior[redacted]. Whichever government emerges after October will have to maintain rigorous public spending control for several years.

These tasks at home and abroad represent an exacting agenda. The Christian Democrats' reliance on the man who steered through unification is understandable. But even more than a strong chancellor, Germany needs a well-balanced government.

Furthering the impression of Mr Kohl's dominance could also detract from the electoral performance of the Christian Democrats' junior coalition partners, the Free Democrats. A poor score for the Free Democrats on October 16 could still force an outcome Mr Kohl and Mr Scharping have both said they wish to avoid – a grand coalition between the Christian Democrats and the Social Democrats, which probably would not be in a position to deliver decisive leadership.

Mr Kohl has broad shoulders, but for the CDU to concentrate its campaign unduly on his personality would be a mistake. An election where the focus on a single personality obscures the search for the right policies is not what Germany needs.

Global warming

The threat [redacted] global warming presents policymakers with peculiarly difficult problems. It may take [redacted] scientific hypothesis – [redacted] rising concentrations [redacted] "green[redacted] gases" in the atmosphere will cause the planet [redacted] up – [redacted] right. [redacted] probability [redacted] climate [redacted] seems low, the disruption [redacted] could ensue, particularly [redacted] food production, is great. At the Rio Earth Summit [redacted] more than 150 governments [redacted] that the [redacted] justified [redacted] to curb greenhouse [redacted] emissions.

Representatives [redacted] now meeting in [redacted] how [redacted] turn [redacted] pledges [redacted] a workable plan. The two-week [redacted] lays the ground [redacted] the [redacted] formal [redacted] of [redacted] March in Berlin, [redacted] signatories will [redacted] whether [redacted] agreement is adequate [redacted] combat the [redacted] global warming.

That [redacted] is [redacted] proving easy. [redacted] convention, one [redacted] the world's [redacted] environmental treaties, requires developed countries [redacted] plans [redacted] bring emissions [redacted] "greenhouse gases" [redacted] by 2000. [redacted] also [redacted] developing [redacted] restrain [redacted] dioxide emis[redacted] by promoting [redacted] ciency.

Last [redacted] debate [redacted] to highlight the convention's shortcomings. First, many developed [redacted] are likely [redacted] the 2000 target by at least several per cent; the European Union [redacted] a prominent example. Governments [redacted] industrialised [redacted] appear [redacted] reckoned that recession, together with [redacted] easily-achiev[redacted] improvements in [redacted] ciency, would curb [redacted] growth of emissions. But they have found that the recession [redacted] investment in energy efficiency, and that growth [redacted] now picked up more quickly than they projected.

Developing countries

Second, the convention largely ducked the question of whether developed countries should pay developing ones [redacted] curb their emissions. Although governments from industrialised countries have pledged up to $4bn over [redacted] next three years to the Global Environment Facility, a UN-backed environmental fund [redacted] developing countries, this [redacted] insufficient. Third, and most obviously, the Rio convention is silent on goals beyond 2000.

In developing more [redacted] governments should [redacted] removal of subsidies to fossil fuels. Such subsidies are largest in countries, such as the US and China, which will contribute much of the world's carbon dioxide emissions in the next few decades.

Nuclear power

Governments should also consider expanding the role of nuclear power. However the only region now warmly embracing [redacted] power [redacted]. Development of civil nuclear programmes has virtually halted in the US and Germany, and may in the UK.

Another priority is to give support to proposals for "joint implementation" – a formula under which developed countries could fulfil the target's requirements by helping developing countries curb their emissions. These plans are controversial. Many developing countries argue that developed countries have created the threat of global warming, through their past emissions, and that they should bear the burden of averting it. The plans have also aroused unease in developed countries, since they imply extensive transfer of technology, through trade and aid. Their attraction is that they would help allocate funds efficiently, and could open the way to more ambitious targets for the next century than would be possible if curbs were applied in developed countries alone.

These steps, which are necessary if global warming is to be tackled convincingly, are uncomfortable. That discomfort, however, has one benefit: it will encourage governments to continue to assess the need for the targets in the light of emerging scientific evidence.

Environmentalists may see that process as a threat to the hard-won ground of the Rio convention. This attitude is wrong. Policy made against a backdrop of scientific uncertainty needs to be refined repeatedly if it is fully to reflect not only the scale of environmental risks but also the sizeable costs of combatting them.

As the UK economic recovery gathers pace, are manufacturers investing enough, ask Michael Cassell and Gillian Tett

Feel the quality, not the quantity

Mr Ian Cooper struggles to contain his excitement. "It's as though there is no tomorrow. Business is colossal. [redacted] can't accept orders until the New Year."

The chairman [redacted] Cooper [redacted] Gloucestershire colour printing business, has not seen anything like it [redacted] starting the company 10 years ago. This year he is spending £7m on machinery but the company will still not meet demand. Next [redacted] capital expenditure should double.

"We weren't slow in implementing an investment programme but we underestimated the strength of the recovery," Mr Cooper empha[redacted]

"Big holiday companies wanting 1995 brochures are placing contracts elsewhere in Europe because there is no capacity here. It's like the bad old days when the UK lost out because it couldn't [redacted] demand," he adds.

Mr Cooper's words will cause concern among those anxious that the vision of sustained recovery offered by low inflation, cheap money and steady growth [redacted] be under threat. They fear that, with retail sales rising, manufacturers' stocks falling and spare capacity dwindling, British industry's failure to spend soon enough and widely enough to replace capacity lost during the recession could again spoil a nascent upturn.

The nightmare – a depressing replay of Britain's economic record – would be a manufacturing sector unable to meet demand, mounting supply constraints, rising inflation and another upsurge in imports.

So far at least, the pressures expe[redacted] by Cooper Clegg appear rare. [redacted] given increasingly opti[redacted] growth [redacted] for the economy this year opinion remains divided on whether another boom-bust cycle can be avoided. Although the government is predicting only a modest 2.75 per cent growth in GDP this year, GDP in the three months to June was 3.7 higher than the same period last year.

Mr David Miles, UK economist at Merrill Lynch, says that, given the accelerating pace of economic growth, investment activity must rise rapidly in the next two years if industry is to avoid overheating.

But Mr Michael Saunders, UK economist at Saloman Brothers, is not alone in identifying an investment pick-up on a scale which should be sufficient to avoid severe capacity problems. He also makes the [redacted] that the more flexible labour market which now exists might succeed in avoiding a repeat of past shortages [redacted] skilled labour.

Last week's official figures from the Central Statistical Office, which show a long-awaited rise in manufacturing investment during the second quarter of 1994, mirror other surveys by business organisations indicating an improvement in companies' investment intentions. This trend has given rise to some optimism, though the pattern of investment spending remains volatile and there have been statistical "false starts" in the two years since the recovery began.

While the latest Confederation of British Industry industrial trends survey for the three months to July indicated rising investment optimism within the motor industry and among building material producers and electronics companies, the picture was much less buoyant within the aerospace, chemicals, and food and drink sectors.

Even if a patchy upturn in capital spending is under way – fuelled by growing confidence, rising profits, low capital costs and increasingly healthy corporate balance sheets – there is much lost ground to make up.

Since investment in UK manufacturing, which accounts for about 12 per cent of total UK investment, peaked in 1989 it has fallen by almost one third, bringing it to its lowest level, as a proportion of gross domestic product, for more than 30 years.

The collapse in investment may not, however, have been quite as bad as first appears. Part of the fall may reflect [redacted] prices for plant, machinery and property. The decrease may also mirror a growing tendency among manufacturers to [redacted] out work [redacted] then classified as service industry expenditure.

Yet nobody [redacted] making li[redacted] of the decline. In the machine tools [redacted] capital investment "fell off a cliff" during the recession, according to the Machine Tool Trades Association. In 1990, UK machine tool makers were spending a total of £34m a [redacted] on new plant and equipment, [redacted] figure [redacted] dropped to £14m by March 1993. It is now back [redacted] only £20m.

[redacted] many [redacted] to sanction [redacted] capital [redacted] mauling they received during the recession and [redacted] need [redacted] rebuild balance sheets.

Mr Robert Barrie, UK economist at stockbrokers BZW, points out that much of the corporate sector remains highly debt conscious and is still repaying debts incurred in the 1980s. Companies are still reluctant to borrow more from the banks. But the availability of cash from within increasingly profitable companies may well help finance a significant expansion in investment programmes, he added.

Cash, however, is not the only factor. Mr Eddie George, governor of the Bank of England, has repeatedly warned that the refusal by companies to adjust investment criteria in the face of low inflation and cheaper finance is frustrating badly needed investment.

A recent CBI survey of investment criteria found that most UK companies were insisting on payback periods of two to three years or a return on capital of at least 20 per cent – or both. Taken at face value, such expectations exceed by a wide margin the investment performance required by many of the UK's manufacturing competitors.

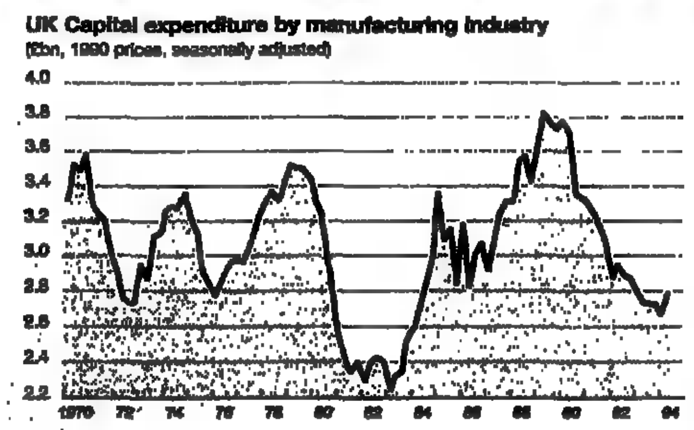
The Bank's criticism of companies' stubborn insistence on high investment returns is angrily rebutted by much of the corporate sector itself, which insists that the crucial factor limiting investment is expected demand. But it is clear that the government faces a difficult task in persuading companies to share its rosy economic assumptions.

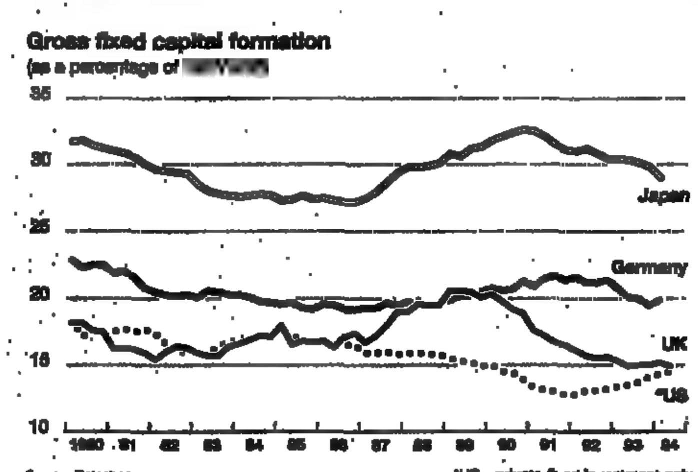
"There is still a great deal of cynicism over whether inflation has been licked. Living with it has become a way of life and industry will need to see it stay low for a long time before they change their approach to investment," says Lord Weir, chairman of Weir Group, the Glasgow-based engineering business.

"Who can blame people for not investing? In the paper-making business they've faced rotten demand and rotten margins and now confront pressures on raw material prices," says Mr John Lloyd, managing director of Portals, the international bank note and specialist paper maker which has bucked the trend by recently investing £19m in new machinery to safeguard its market.

Serious and widespread supply bottlenecks still appear some [redacted] off, despite CBI hints that [redacted] few are on the horizon. Many general engineering companies, in particular, are still reporting under-used capacity. Indeed, current order books for UK machine tool makers show that while their overseas sales are rising rapidly as companies [redacted] update equipment, [redacted] books remain worryingly flat.

UK manufacturing: could do better





Source: Datastream. *US - private fixed investment only

While companies such [redacted] Weir have maintained [redacted] programmes throughout the [redacted] much [redacted] emphasis has [redacted] improving manufacturing competi[redacted] and efficiency [redacted] than on additional capacity.

"It [redacted] quality [redacted] is going [redacted] matter most," [redacted] Mr Kevin Gardiner, UK economist at Morgan Stanley. "It [redacted] much more [redacted] to [redacted] in investment focused on [redacted] in which the UK has [redacted] chance of boost[redacted] market [redacted] than [redacted] massive, across-the-board binge that [redacted] swing in the business cycle."

German companies have long had more effective long-term capital investment programmes than their UK counterparts

The quality-before-quantity strat[redacted] by [redacted] companies like Devro, [redacted] sau[redacted] casing manufacturer, which has invested throughout the recession in high-technology equipment and in research and development. According [redacted] Dr Graeme Alexander, Devro chief executive: "In bad times, too many people [redacted] short-term a view and just [redacted] costs. But you mortgage your future if you [redacted] on technological development."

FKI, [redacted] engineering and [redacted] group last year [redacted] capital spending [redacted] £20m [redacted] year will spend nearly £27m. Mr Bob [redacted], FKI chief executive, [redacted] raising capacity [redacted] not been the priority: "We have, for example, [redacted] computer-aided design equipment [redacted] help improve the throughput [redacted] engineering [redacted] the shop [redacted] spent resources on improving environmental [redacted]

Earlier this [redacted] FKI paid nearly £26m for Rhombus, [redacted] which had [redacted] vulnerable [redacted] takeover in part [redacted] a [redacted] spending programme on plant which was heavily under-utilised during [redacted] "Investing [redacted] capacity is not [redacted] only game," Mr [redacted] adds.

But despite occasional strategic [redacted] by German companies, they have consistently pursued [redacted] effective, long-term capital investment programmes than their UK counterparts, giving them a vital competitive edge over UK manufacturing in world markets.

In launching the government's [redacted] to improve British industry's competitiveness earlier [redacted] year, Mr Michael Heseltine, trade and industry secretary, [redacted] that UK manufacturing productivity [redacted] per cent [redacted] of its main European rivals.

The pattern [redacted] repeated when it comes to capital investment. Although international comparisons are difficult, figures suggest [redacted] UK investment, in relation to GDP, [redacted] not only consistently lower than in countries such as Germany, France and Italy but has been far more erratic.

The performance has been in part responsible for [redacted] decline over decades in Britain's share by volume of world manufacturing exports. It [redacted], however, during the [redacted] about 6 [redacted] cent, [redacted] than half that [redacted] Germany.

"An investment recovery [redacted] under [redacted] but [redacted] real concern [redacted] tinuing, chronic problem of low investment, which the cyclical upturn in capital spending [redacted] not going [redacted] resolve," [redacted] Mr Ian Thompson, chief economist at [redacted] Engineering Employers' [redacted] tion.

"Britain simply [redacted] have [redacted] manufacturing capacity [redacted] breadth [redacted] depth to make it fully competitive. The government must [redacted] towards changing [redacted] anti-investment [redacted] built into corporate taxation."

The view [redacted] shared by organisations such [redacted] the British Chambers [redacted] Commerce, which wants [redacted] programmes in [redacted] of [redacted] years duration exempt from capital gains [redacted]. The CBI, too, [redacted] reform [redacted] capital gains tax in the belief that investors [redacted] more inclined [redacted] form [redacted] capital gains, thereby relieving [redacted] on com[redacted] high [redacted]

The CBI is also calling for [redacted] more [redacted] system [redacted] capital allow[redacted] and [redacted] in corporation [redacted] make available higher [redacted] earnings for reinvestment.

[redacted] Mr Kenneth Clarke, UK chancellor, [redacted] his 1994 [redacted] plans, he will be left in no doubt [redacted] extending a helping hand [redacted] investment [redacted] high on [redacted] wish-list [redacted] manufacturing sector that has to haul itself up into the [redacted] division.

But with such pleadings now part of the perennial, pre-budget lobbying Treasury ministers will be equally keen to emphasise the role which industry itself must play in solving its own structural problems. They continue, [redacted] example, to point [redacted] finger at high dividend [redacted] one [redacted] to higher investment.

The CBI is also pursuing [redacted] joint initiative with the [redacted] to overcome the short-termism which business [redacted] frustrated long-term investment in fixed capital, research and development and training.

Mr Nick Kuenssberg, managing director [redacted] Dawson International, the knitwear and clothing group, also wants government help, but of a different kind.

"I would like it to get a grip on itself. If they want the feel good factor to return they must show they are really in control, that they did plan the recovery and that they will support the marketplace. We have low inflation and low inflationary expectations; to even hint of an increase in interest rates now is completely nuts."

Like any sensible businessman, FKI's Bob Beeston is not going to reject any beneficial changes in taxation or capital allowances. But he adds: "It is, in the end, up to a company to keep its eye on the ball, [redacted] customers, think ahead and make enough profits to invest for the future. It [redacted] the corpo[redacted] culture [redacted] changing; Britain has some damn good manufacturing companies [redacted] nothing like enough."

OBSERVER

Publish and be praised

■ André Schiffrin is a worried man. He fears for the future of publishing, writing, and literary culture in general.

"This is guerrilla warfare," is how 59-year old Schiffrin refers to the function he sees for his US publishing house, The New Press. Fed up with what he sees as the onward march of selling books like soapsuds, he thinks it time for a riposte.

His father Jacques – a French emigré – co-founded the US publisher Pantheon in 1942. Pantheon built itself a great name by publishing everything from Jean-Paul Sartre to Monty Python.

In 1990, when André Schiffrin was Pantheon's managing director, its owner, Random House, put the squeeze on, demanding Schiffrin publish fewer books with fatter profits.

He walked out, taking a sprinkling of well-known writers – including Studs Terkel – with him. Schiffrin wasn't against profits; just profit-making as the only criterion of publishing success.

"Big US publishers now won't touch a book unless they have guaranteed sales of 20,000 copies, even though they can break-even at 5,000. On that basis Chomsky or Foucault wouldn't ever have been published," says Schiffrin.

The New Press, [redacted] non-profit organisation backed by several US foundations, is now four years old. Ironically, some of its titles have proved unexpected best-sellers, including 50,000 copies sold of *May It Please The Court*, live recordings and transcripts of the US Supreme Court. The Court got very cross about the publication, thereby giving it a market stimulus.

Having now just signed a big distribution deal with UK publisher I B Tauris, Schiffrin thinks his guerrilla campaign is making headway. "We might even break-even this year," he says with a smile.

Airy garbage

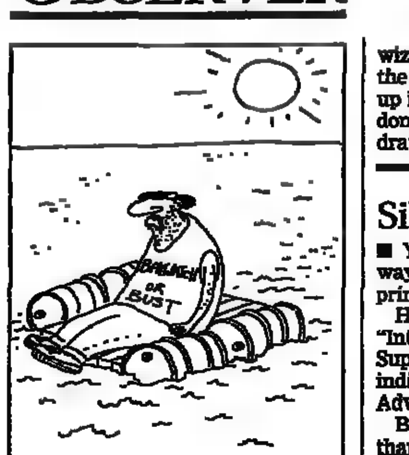
■ An anguished FT reader recently flew with the Dutch airline KLM, or rather, didn't – KLM cancelled the flight at the last moment.

Following up his complaint was a long-winded two-page response from Mrs E Villanueva, KLM's manager of customer relations. She assured the disgruntled passenger that KLM has "strengthened our Flying Dustman programme".

Rather puts the lid on the moaning.

Force alarm

■ Nigerian fraudsters, ever on the lookout for methods by which to separate businesses from their money, are gaining in sophistication.



This time, the 'Presidential Task Force on Debt Repayment' – no less – has been contacting UK companies.

The PTFDR fax enjoins addressees to send all financial details within 48 hours, promising their monies will be repaid. Failure to reply will lead to cancellation of [redacted]

Needless to say, no such official taskforce exists – but it is [redacted] handy way of obtaining information and signatures and hence, potentially, cash.

Mike Turner, the overseas trade manager of Birmingham's Chamber of Commerce who has blown the whistle on this and other such wizard scams, reckons that, if only the schemers had dreamed this one up in the early days, it would have done very nicely indeed. Back to the drawing board please.

Silvio lining

■ Yet another plaudit comes the way of Silvio Berlusconi, Italian prime minister and media magnate.

He has just been voted "International Marketing Superstar" – one of 44 such individuals – by US trade mag Advertising Age International.

Berlusconi joins this elect band thanks to his using "everything he knew about television, advertising and public relations to create the charismatic image that propelled him into office".

Marketing gimmicks are going to come in very useful over the next few months. His latest message to the nation – "sacrifices will be necessary" if Italy is to avoid "bankruptcy" – will certainly take all his creative selling powers.

Of course all the best salesmen sugar the pill somehow; wonder what he will come up with?

Rum Cuban

■ Expensive things, these mass exoduses. The Pentagon has done some sums and calculates that the US taxpayer will need to stump up an extra $240m [redacted] year to run an expanded refugee camp at Guantanamo Bay Naval Station.

The base sits on 32 acres [redacted] Cuban land, leased by the US since 1903 for the equivalent of fractionally more than $4,000 annually.

The extra lolly will go towards doubling the capacity of the camp – where 14,500 Haitian refugees are already squatting alongside Cubans – to 40,000.

Heaven only knows what might be the further cost of hosting the hardy thousands who have actually stepped ashore in Florida; more than 20,000 have been picked up by the US coastguard in August.

Of course, with Cuba's annual per capita income most recently estimated by the World Bank at between $500 and $1,500, Bill Clinton might think cash better spent by dropping it over Havana from a low-flying aircraft.

Better still, why not put Guantanamo's $4,000 towards cutting the federal deficit?

Greed kills

■ Those of Lloyds' victims who can still afford to run a shotgun are sporting a new fashion on the grouse moors this summer.

Underneath their plus-fours, they are wearing shooting stockings emblazoned with the words "Damn" and "Lloyds", c/o an enterprising firm called Nicholl Knitwear, based in Corbridge.

Meanwhile, the grouse are wearing T-shirts saying: "The one behind is fatter."

FINANCIAL TIMES
Monday August 29 1994

De Beers sucks up a fortune in gems from its floating mine

Kenneth Gooding sees diamonds vacuumed up from the seabed

Seventeen nautical miles off the [illegible] of Namibia, armed with techniques that would not be out of place in a science fiction novel, De Beers is vacuuming diamonds from the seabed 125 metres below.

The South African group, which dominates the world's diamond business, is pushing mining technology to the limit, to explore for and recover tens of thousands of very small precious stones scattered across hundreds of square kilometres of seabed.

The Debmar Atlantic, a converted oil exploration vessel, has been turned into a floating diamond mine. It sucks up tonnes of material a minute from which the diamonds are [illegible] Then, for security [illegible] the diamonds are canned on an automated production line, with technology most commonly used for peaches and pineapple chunks.

Each can is filled with a mixture containing up to 1,900 diamonds.

De Beers Marine, a wholly owned subsidiary of the group, is the only company operating at these depths. The stones in these Namibian waters are 60m years old and may have [illegible] 1,500km, washed down the Orange River by thunderous downpo[illegible] in the [illegible].

To locate the diamonds, De [illegible] meticulously sampled an area as large as Holland. Only [illegible] durable diamonds sur[illegible] trip, according [illegible] Mr Graham Rees, DBM's general manager.

Nearly every diamond recovered is of gem quality, which is what makes the considerable expense of fishing them out of the sea worthwhile.

DBM has spent about $200m to buy and convert its seven vessels. More than $50m has been spent exploring since 1991. A vessel such as the Debmar Atlantic costs about $6m a year to operate. Even so, the sea mine costs far less than the $500m it would take to create a diamond mine on land.

The Debmar Atlantic uses a huge drill to get at the stones. A short helicopter hop away its sister vessel, the Louis G. Murray, is using an undersea robot crawler, as big as a truck, with hydraulic drills operated electronically from the ship.

Last year DBM sucked up 302,754 carats of diamonds from the seabed, 16 per cent more than in 1992. This year the seabed is likely to yield even more carats, according to Mr Rees.

It is impossible [illegible] say how much [illegible] seabed diamonds are worth. But DBM's production last year was about one-third of Namibia's diamond output in carats and certainly more than one-third in value.

More floating mines off the coast of South Africa and Sierra Leone are planned.

De Beers changes terms, Page 17

Calculating Kohl stirs party faithful

By Christopher Parkes in Dortmund

[illegible] Helmut Kohl [illegible] Germany summoned more [illegible] than cheers with a calculated, emotional election speech to 17,000 Christian Democrat (CDU) party workers in Dortmund yesterday. No mean hand at jokes and mudslinging, he left most of the dirty work to his lieutenants.

Mr Theo Waigel, leader of the CDU's sister party, the Christian Social Union, warmed things up with a hatchet job on the Social Democrats' would-be finance minister, Mr Oskar Lafontaine. And Mr Norbert Blum, Mr Kohl's fiery labour minister, sent the crowd home committed to driving out the red peril.

In between, Mr Kohl began the 50-day general election campaign by presenting himself and his party as the only guarantors of a secure future for Germany – and even Europe.

While his cohorts had given the opposition SPD a fresh coat of red paint, damning them as fellow travellers with the Party of Democratic Socialism, successor to the east German communist party, Mr Kohl was more thoughtful. He drew heavily on four [illegible] historic change, [illegible] had propelled Germany into a new role in world affairs.

Correcting a blunder he made last week, he included Moscow in the list of world capitals with which Germany had built sound relations during his term. Washington earned a special mention. "Our connection with America is the decisive factor for the peace and freedom of the Germans," he said. However, the main body of his speech was devoted to internal relations, on which his fourth campaign [illegible] chancellor's job may yet [illegible]

"It now remains for us to complete [illegible] fulfilment of our dream of German unity," he said. The divisive [illegible] "Ossi" and "Wessi" had [illegible] driven out [illegible] the public vocabulary. The west had to accept how difficult it was for easterners to adapt after 50 years of communist rule. People in the east had to remember how much better off they now were.

Kohl pledge on defence spending ....Page [illegible]
Editorial Comment ....Page [illegible]

According to weekend polls, the CDU-CSU would gain 41 per cent of the vote, one more point than a month ago. The SPD is unchanged with 36 per cent; the FDP has 6 per cent and the Greens are on 9 per cent.

Much may depend on the remaining 8 per cent who support one of 17 other parties registered for the election. Half of these voters support the PDS.

But Mr Kohl was reserving most of his fire yesterday. He appeared content that his message – that Germany had found its place in the world and needed him to maintain it – had come across clearly. "Do our duty," he finished and while the cheers came only slowly, the crowd's eyes watered freely.

Mexico's left warns against violence after election defeat

By Damian Fraser in Mexico City

Mr [illegible] Cárdenas, presidential [illegible] Mexico's main leftist [illegible] party, urged his supporters at the weekend to avoid [illegible] follow[illegible] the presidential election, which he has [illegible] fraudulent.

Addressing a crowd of 70,000 in Mexico City's central square, Mr Cárdenas took a more conciliatory line than early last week. He modified his previously strident rhetoric, warning his supporters not to be provoked into clashes that could lead to bloodshed.

The governing Institutional Revolutionary party won the August 21 election with 50.2 per cent of the votes that were not annulled – or 48.8 per cent of all votes cast – according to official results based on more than 90 per cent of returns. The centre-right National Action party came second with 26.7 per cent of valid votes, with Mr Cárdenas's Party of Democratic Revolution trailing in third at 17.1 per cent.

Mr Cárdenas has claimed that many of his supporters were deliberately left off voting lists and that those from the ruling party were allowed to vote several times.

He has yet to offer proof of such allegations, although in his speech he proposed to establish a series of regional "truth commissions" to examine electoral fraud.

The softening of Mr Cárdenas's position follows divisions in his own party on how best to respond to defeat. While hard-liners have urged massive protests, moderates have warned that this would further damage the party's public image and deflect from the task of rebuilding and moving to the political [illegible]

"We [illegible] afraid, but we will not fall into forms of mobilisation that, in current conditions, would inevitably wear us out and exhaust both us and society," Mr Cárdenas said at [illegible] rally.

In a sign that he is open to dialogue with Mr Cárdenas, outgoing President Carlos Salinas said in an interview last week: "It's important to have the presence of a modern party of the left that participates in politics and social development. I trust that Mr Cárdenas, who participated in the reforms of past years, will continue to contribute in the following years."

However, Mr Cárdenas warned that unless electoral conditions were fairer for his party, his supporters would not vote in future elections. Without democratic opening, he said, the electoral process could not be considered a legitimate way of transferring political power.

Hopes rise of IRA ceasefire

Continued from Page 1

some conciliatory gesture. Republican leaders would hope that this pressure would in turn put the governments' united front under fresh strain.

A series of meetings between Mr Hume and Mr Adams from April last year, was one factor which provided impetus for the peace process.

It was followed by the signing of the Downing Street declaration in December last year by Mr John Major, the British prime minister and his Irish counterpart, Mr Albert Reynolds.

The declaration offers Sinn Féin a seat at the negotiating table in the event of a permanent IRA ceasefire, and an eventual simultaneous referendum in both parts of Ireland on a future constitutional arrangement for the province.

THE LEX COLUMN

Grid's golden shares

The UK electricity sector is charmed. As if a benign set of price caps, share buy-backs and takeover rumours were not enough, now comes the news that the regional electricity companies should be able to demerge their holdings in the National Grid without paying a penny of tax. The government is, of course, absolutely right not to use its golden share to extract a hefty tax payment. But many in the market had been expecting the Treasury to demand its pound of flesh. Now it looks as if the recs will be able to pass the full £4bn-£5bn value of the grid through to their shareholders.

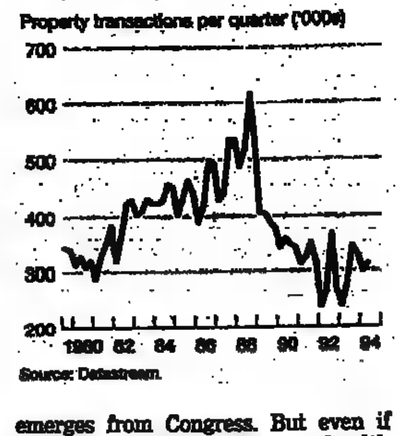
The recs could still spoil the picture if they kept the proceeds from the sale for themselves rather than handing the shares directly to investors. They could then be liable for capital gains tax. But the recs seem less keen on hoarding cash than they did in the spring. Moreover, the political row over the grid reinforces the point that they should transfer value to investors now. [illegible] pile would be too easy for an incoming Labour government to expropriate.

The recs may not have everything going their way on the tax front. It looks as though the Treasury will profit as share buy-backs gather momentum. Last week's share purchase in the market [illegible] Seeboard will certainly incur tax. Norweb's plan for an off-market tender would be better for tax-exempt investors, but authorisation from the Inland Revenue does not appear to be automatic. While recs could achieve a similar effect by paying mega-dividends, that would be a red rag to their political critics.

Rec share prices should continue to be underpinned by their ample scope to cut costs, reshape their balance sheets and deliver value from the grid. The main risk is that some managements may not pursue these opportunities with sufficient vigour. That said, high share prices in themselves – as a reflection of high investor expectations – should help keep them on their toes. Any slackness would be an invitation to predators.

UK housing market

Property transactions per quarter ('000s)



Source: Datastream

US telecoms

One of the reasons many Baby Bells piled into the UK cable television industry in the early 1990s was to gain experience for the time when they would face competition back home from cable companies. That time has now arrived. The exact nature of the competition will be influenced by the details of the telecoms bill that emerges from Congress. But even if Congressional wrangles over health care kick the telecoms bill into touch, competition in the "local loop" seems inevitable. Rivals are already able to set up shop in the biggest markets, including California and New York. Legislation at the federal level would merely hurry up the laggards.

So far cable companies have taken only tentative steps into the $100bn local telephone market. In part, this is from a desire to influence the pace with which the Bells are allowed to enter their markets. It would be hard to maintain that the Bells should be kept out of TV if they were pushing aggressively into telecoms. But the temptation of adding telephone revenues to their cable subscriptions will eventually be too great to resist. As the UK cable industry has found, having two revenue streams transforms its economics.

Similarly, the Bells cannot afford to be left out of cable. True, cable generates only a quarter as much revenue as local telecoms. But the Bells are keen to invest in fibre optic networks. And while a gambler might hope to recoup such investment by providing "multimedia" services, the inclusion of more predictable TV revenues would cut the risks. Again what Washington decides will mainly be a tidying-up job. Two Bells have already won the right to provide TV.

In the coming fight, the cable companies seem to have the stronger hand. Not only are they more entrepreneurial. They are also less regulated. But the Bells have strengths too, most obviously huge financial resources. As the battle is joined, further mergers between cable companies are likely. More alliances between Bells and cable groups are also possible. A trend to marry the two industries ground to a halt early this year when regulators cracked down on cable charges. But once the regulatory fog clears, the business reasons for combining forces will look powerful.

Estate agents

Financial institutions still toiling to make a profit in estate agency must be taking a long hard look at their reasons for persevering. While building societies hide the operating performance of their agencies within group figures, evidence from the [illegible] insurers suggests the going is still tough. Royal Insurance's 480 offices lost as much in the first half of this year as in the same period last year; General Accident's chain lost slightly more.

Neither is the outlook encouraging. The number of house purchases per month has fallen steadily since the spring. Total transactions this year now look likely to be around 1.3m – only a shade higher than in 1993. While that would be far below the 2.1m peak reached in 1988, it is only some 20 per cent below the average of the 1980s and there is little reason why turnover should increase. So long as house prices remain stable, first-time buyers will not feel under pressure to scramble on to the bottom of the housing ladder. The prospect of rising interest rates is another reason for caution.

Since house prices have fallen and commissions are under pressure, estate agents' income has been squeezed harder than the transaction figures suggest. Unless transactions increase significantly, it is difficult to see why customers should stop haggling over commissions. Despite the shake-out through recession – with the number of estate agency offices falling by perhaps a quarter – overcapacity is at the root of the problem.

Banks and building societies which distribute mortgages through their estate agencies have a more obvious reason for persevering than insurers. But that did not dissuade Abbey National from selling out last year or Bristol & West from shrinking its chain last week. Selling financial products through estate agencies has been far more difficult than hoped. Widening the range of financial products on offer might help at the margin. But estate agents which have not been covering their costs this year should not count on the housing market for relief.

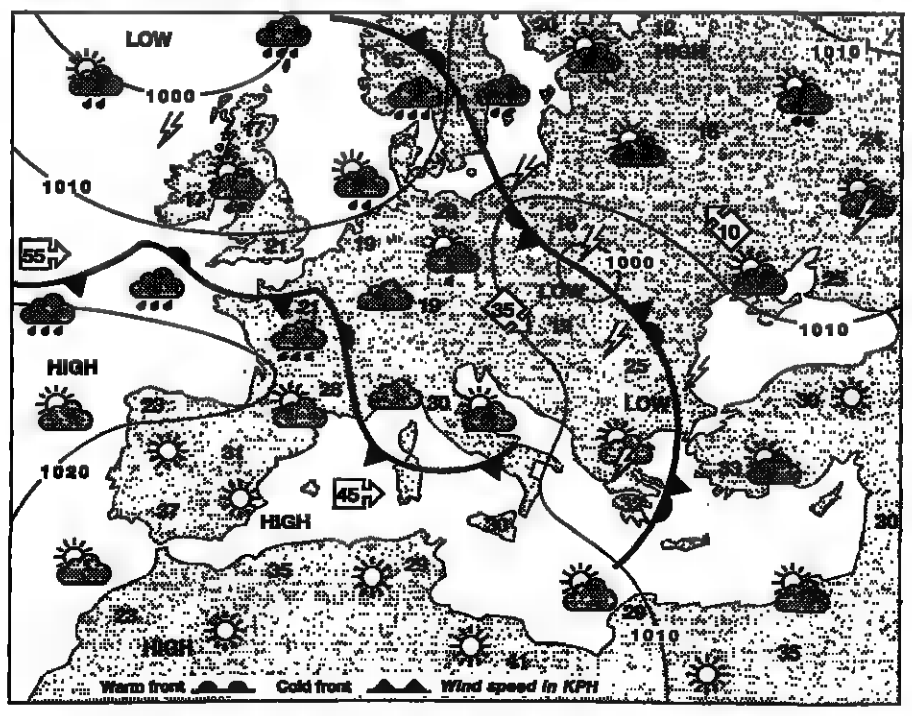
FT WEATHER GUIDE

Europe today

It will be cloudy and rainy over northern France and the southern UK. It will also be cloudy elsewhere in western Europe. Local showers are likely over [illegible] northern UK and Germany, with more general rainfall in southern Scandinavia. An active cold front will result in thunderstorms over the Balkan states and northern Greece, with the heaviest thunderstorms forming near the northern slopes of the Carpathians. Ahead of the front a surge of warm air will result in more seasonal conditions over much of southern and central Russia. Most of the Mediterranean countries will enjoy sunny and warm conditions.

Five-day forecast

Conditions will be unsettled over western Europe. Strong winds are expected over the UK but it will be calm and sunny in France, except for the northern regions. But during the weekend, a cold front will result in rain and mountain thunder. Heavy thunderstorms will move east from the Balkan states bringing calmer conditions to south-eastern Europe. Spain and Portugal will continue warm and sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	sun	42
Accra	cloudy	29
Algiers	sun	25
Amsterdam	fair	20
Athens	cloudy	33
Atlanta	fair	32
B. Aires	sun	17
B.ham	shower	19
Bangkok	rain	31
Barcelona	sun	28
Beijing	fair	33
Belfast	shower	17
Belgrade	shower	21
Berlin	shower	20
Bermuda	shower	32
Bogota	shower	18
Bombay	rain	29
Brussels	fair	20
Budapest	thund	22
C.hagen	rain	18
Cairo	sun	34
Cape Town	fair	24
Caracas	thund	28
Cardiff	rain	18
Casablanca	sun	21
Chicago	thund	30
Cologne	shower	21
Dakar	fair	30
Dallas	sun	36
Delhi	shower	31
Dubai	sun	42
Dublin	shower	17
Dubrovnik	shower	28
Edinburgh	fair	18
Faro	sun	29
Frankfurt	fair	23
Geneva	cloudy	23
Gibraltar	sun	27
Glasgow	cloudy	17
Hamburg	fair	20
Helsinki	fair	20
Hong Kong	fair	33
Honolulu	cloudy	33
Istanbul	shower	32
Jakarta	fair	31
Jersey	drzzl	18
Karachi	drzzl	31
Kuwait	sun	46
L. Angeles	fair	25
Las Palmas	sun	24
Lima	cloudy	20
Lisbon	fair	30
London	fair	22
Lux.bourg	fair	20
Lyon	fair	24
Madeira	fair	25
Madrid	sun	33
Majorca	sun	29
Malta	sun	31
Manchester	cloudy	18
Manila	shower	32
Melbourne	fair	19
Mexico City	shower	[illegible]
Miami	thund	[illegible]
Milan	sun	[illegible]
Montreal	fair	[illegible]
Moscow	fair	[illegible]
Munich	cloudy	[illegible]
Nairobi	cloudy	[illegible]
Naples	sun	[illegible]
Nassau	thund	[illegible]
New York	sun	[illegible]
Nice	sun	[illegible]
Nicosia	sun	[illegible]
Oslo	rain	[illegible]
Paris	cloudy	[illegible]
Perth	shower	[illegible]
Prague	shower	[illegible]
Rangoon	rain	[illegible]
Reykjavik	rain	[illegible]
Rio	cloudy	[illegible]
Rome	sun	[illegible]
S. Frsco	fair	[illegible]
Seoul	fair	[illegible]
Singapore	shower	[illegible]
Stockholm	fair	[illegible]
Strasbourg	fair	[illegible]
Sydney	sun	[illegible]
Tangier	sun	[illegible]
Tel Aviv	sun	[illegible]
Tokyo	cloudy	[illegible]
Toronto	thund	[illegible]
Vancouver	fair	[illegible]
Venice	sun	[illegible]
Vienna	shower	[illegible]
Warsaw	thund	19
Washington	sun	31
Wellington	cloudy	10
Winnipeg	fair	14
Zurich	cloudy	20

FINANCIAL TIMES
COMPANIES & MARKETS

Monday [illegible] 29 [illegible]

MARKETS THIS WEEK

BRONWEN MADDOX:
GLOBAL INVESTOR
In [illegible] that banks should [illegible] use [illegible] financial instruments, US [illegible] regulators and [illegible] a popular [illegible]. However they may have set [illegible] impossible [illegible]. There is little sign that the methods they are considering will prove useful; some may, in fact, [illegible] counterproductive. **Page [illegible]**

MARTIN WOLF:
[illegible] EYE
For president Clinton, [illegible] chief objectives [illegible] foreign policy [illegible] economic; [illegible] exports; [illegible] the [illegible] those exports is "good jobs". Along with these simple goals goes an equally simple approach. The administration [illegible] all from Japan. **[illegible]**

BONDS:
The [illegible] "interest [illegible] horizon" – which [illegible] Hans Tietmeyer, [illegible] bank's president, [illegible] in May as "[illegible] for some time" – [illegible] to look a long way away. There [illegible] a growing consensus among Frankfurt economists that the next discount rate change is unlikely to come until after the federal elections in October. **Page 20**

EQUITIES:
[illegible] cause [illegible] Wednesday's surprising 70-point [illegible] the [illegible] industrials, it [illegible] sparked what may turn out to be a long upturn in [illegible] prices.
UK market analysts [illegible] turned their attention from [illegible] corporate earnings [illegible] which they [illegible] optimistic. **Page [illegible]**

EMERGING MARKETS:
[illegible] of activity [illegible] month, China's fledgling [illegible] weight of negative [illegible] news. **Page [illegible]**

CURRENCIES:
Foreign exchanges will focus this week on Thursday's Bundesbank council meeting which will help investors decide on the outlook for European interest rates. **Page 19**

COMMODITIES:
Anticipation of the expiry of labour contracts on Wednesday at Falconbridge of Canada, has been one of the few constructive factors for the nickel [illegible] in recent weeks. **Page [illegible]**

UK COMPANIES:
T&N, the U[illegible] engineering [illegible] is [illegible] to be in talks [illegible] Metallgesellschaft over the potential acquisition of the troubled German giant's 47 per cent stake in vehicle components maker. **Page 16**

INTERNATIONAL COMPANIES:
Oerlikon-Bührle, [illegible] Swiss [illegible] engineering and retailing group, has forecast a "clearly improved" operating result. **Page 17**

STATISTICS

Del Monte seeks European partner

By Kenneth Gooding, Mining Correspondent

Anglo-American Corporation, [illegible] Africa's largest group, [illegible] double the [illegible] of its Del Monte Food International arm through [illegible] with [illegible] European foods company.

Anglo, which is heavily depen[illegible] minerals, moved into [illegible] global branded [illegible] market when it paid $240m for its share [illegible] Del Monte in 1992.

Mr Graham Boustred, [illegible] deputy chairman, says that if the merger, due to be completed in three months, goes ahead it will double DMFI's annual [illegible] to £1bn. He hopes organic growth will add another £500m.

Del Monte used to be owned by RJR Nabisco, but [illegible] sold [illegible] piecemeal – the fresh fruit busi[illegible] going to Polly Peck, for example. Anglo and [illegible] Africa's Royal Foods acquired DMFI for £360m ($560m) from a management buy-out. Anglo [illegible] per [illegible] Delhold, DMFI's South African parent.

DMFI cans fruit and beverages in Kenya and the Philippines as well [illegible] South Africa [illegible] its strongest markets are Italy and the UK. Mr Boustred says the potential [illegible] would add strength in Germany and [illegible] Benelux countries.

The enlarged DMFI hopes to move into mainland China where Mr Boustred says there is a growing demand for fresh fruit drinks. It plans to build a beverage plant in Shanghai with a local partner.

Mr Boustred describes DMFI as a good hedge against the performance of the financial rand because most of its sales are in Europe. He reckons that the business is now worth £100m more than was paid for it even though on the Johannesburg stock exchange the shares are below the price at which they were issued.

South Africa's 15 years of political isolation left the Del Monte plant in the country lagging behind internationally. Mr Carlo Zingaro, an Italian who has worked for Del Monte since 1965, has been installed as managing director and brought with him a team of European experts.

Last year R25m (£3.62m) was spent upgrading the plant at Tulbagh, which cans 70,000 tonnes of fruit a year. It is South Africa's biggest plant of its kind, responsible for 40 per cent of the country's canned fruit exports. Mr Zingaro says another R16m will be needed to continue [illegible] upgrading.

Kevin Done reports on the German carmaker's efforts to catch up in an important [illegible]

VW pins some big ambitions on a small car

S[illegible] gen dealers from across Europe are converging on a Paris race course in the Bois de Boulogne this week.

It is not for a flutter on the horses, however, but for the high pressure launch of the new VW Polo, which the German carmaker hopes its dealers will soon be selling in sufficient numbers to transform VW from an also-ran in west Europe's fiercely competitive small [illegible] a front-runner.

The VW group, which includes Audi, Seat and Skoda, may be Europe's biggest carmaker, but as an individual brand VW is ranked only [illegible] behind the Opel make (Vauxhall in the UK) of General Motors and Ford.

In the small car segment of [illegible] European market, VW was languishing in sixth [illegible] with the [illegible] Polo last year. [illegible] car [illegible] along to [illegible] end of its life-cycle, its [illegible] dropped by 39.8 per [illegible] only [illegible], according to Automotive Industry Data, the UK-based analysts.

[illegible] sales [illegible] market-leading Ford [illegible] were more than double Polo sales at 452,000, with the Renault Clio close behind at 441,000.

VW has a lot of ground to make up. Even though it will have the newest car in the market, it faces tough opposition with both GM and Fiat changing the shape of the Opel/Vauxhall Corsa and the Fiat Punto in the last 18 months.

It is vital for VW to achieve a breakthrough in this segment, where superminis (Fiesta, Corsa, Punto etc) and minis (Fiat Cinquecento, Fiat Panda, Renault Twingo etc) account for 31 per cent of all the new cars sold in Europe.

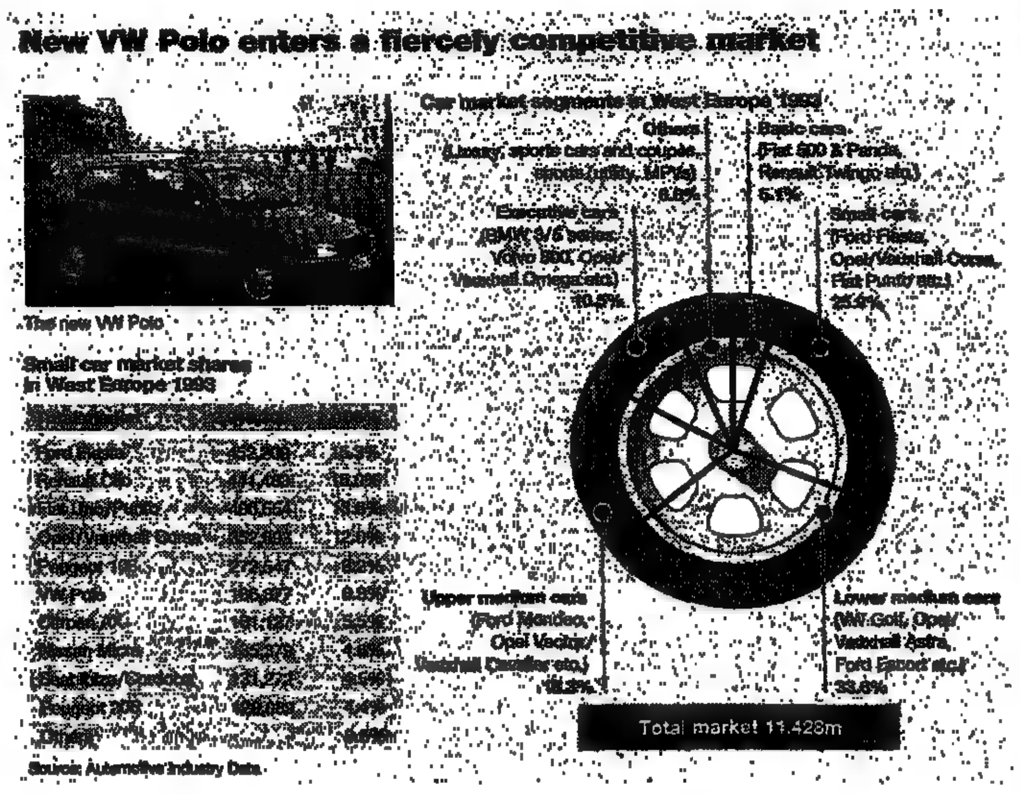
With the new Polo, VW dealers will be [illegible] meet the competition on a more level playing field. Its predecessor was long overdue for replacement having been launched 13 [illegible] ago, and VW [illegible] never proved capable of meeting the demands of the market-place in this segment.

VW's UK import subsidiary maintains that with the old model Polo, it could only cover 29 per [illegible] of the market-place. [illegible] the new [illegible] it will be able to cover virtually the entire market and offer for the first time a host of features common among rival models such as five doors, automatic transmission, anti-lock braking, power-assisted steering, driver and passenger airbags, air conditioning, central locking and electric windows.

Mr Dieter Dahlhoff, director of marketing for the VW brand, says: "We want to make the new Polo into a real high volume model and to use it to open doors to new customers."

The group is aiming to increase sales of the Polo to at least 350,000 in 1995 from the 186,000 achieved last year. Most of the output will come from VW's Spanish plant at Pamplona with output next year targeted to reach at least 1,040 a day on two

Continued on Page 17



UK housebuilders look forward to profits surge

By Andrew Taylor, Construction Correspondent

Pre-tax profits [illegible] UK housebuilders could rise by more than three-quarters this year and by almost another half in 1995 even though recovery in the housing [illegible] is likely to remain slow, according to a study by Credit Lyonnais Laing.

The broker says margins will improve because housebuilders are selling more [illegible] on the same overheads, have used up much of the expensive [illegible] bought in the late 1980s and early 1990s and [illegible] been able [illegible] remove many sales [illegible] used in the recession.

Longer term, [illegible] brokers are concerned [illegible] land prices which have risen by an average of 35 per cent across the country, according to a survey by Savills estate agents.

[illegible] Lyonnais [illegible] housebuilders may [illegible] to accept reduced returns on capital if low inflation continues.

This follows warnings from Mr Eddie George, governor of the Bank of England, who says that industry [illegible] commerce risk missing profitable investment opportunities if they continue to expect high returns.

Land prices started to rise as companies [illegible] recession. Since February 1993 [illegible] companies have raised more than £2bn ($3.1bn) in share issues, of which £650m has been identified for housebuilding.

This is sufficient to build an extra 15,000 homes a year, about [illegible] per cent of the annual new build programme, [illegible] Lyonnais.

Housebuilders' league, Page [illegible]

Russians plan gold securities market

By John Thornhill in Moscow

The Russian government [illegible] backing plans to create [illegible] securities market for gold bullion, aiming [illegible] establish an internal price for the precious metal [illegible] raising capital to develop [illegible] of the country's most important but troubled industries.

Following [illegible] industry confer[illegible] in [illegible] week, government departments, banks and mining companies plan to estab[illegible] a non-commercial Gold Club [illegible] the industry's activities and create a [illegible] market for gold. Industry offi[illegible] market could [illegible] $1bn for investment.

Preliminary proposals envis[illegible] creation [illegible] a class of securities, similar [illegible] western gold warrants, denominated in grammes of gold and freely traded [illegible] legitimate [illegible]. The [illegible] would give their holder title [illegible] bullion held by the [illegible] although there would [illegible] no fixed redemption [illegible]. The market would [illegible] official price of [illegible] within Russia and would be used by the Central Bank and tax authorities.

The Gold Club has not yet worked out how this exchange would work in practice nor how soon. A founding meeting of the club will be held next month.

Russia's gold production has dropped sharply in recent years because of a lack of investment and mod[illegible] equipment and [illegible] sharp increase in the price of electricity, fuel and transport. In 1993, Russia produced 150 tonnes [illegible] gold, [illegible] down on [illegible] levels.

Last [illegible] the [illegible] ment [illegible] to restructure the industry and permit [illegible] investment. Since [illegible] two big deals [illegible] more than $300m [illegible] been struck but [illegible] foreign [illegible] have been deterred by [illegible].

Mr Valery Skripchenko, head of administration at the Russian Committ[illegible] for Precious [illegible] and Stones, said there were still "contradictions between a state which did not wish to relinquish its [illegible] an important strategic sector of the economy and alternative investors who would not commit resources to a sector under a permanent threat [illegible] nationalisation".

Industry figures suggest that a gold securities market might reconcile the differing priorities [illegible] the state and outside investors.

This week: Company news

[illegible]

Cruising speed picks up after a rough ride

Volvo, Sweden's biggest manufacturer, will make [illegible] contribution [illegible] a post-recession surge in half-year profits from [illegible] companies [illegible] results [illegible] the first six months.

Analysts expect [illegible] pre-tax profit – excluding capital gains – of between SKr4-5bn [illegible] as [illegible] maker rides a [illegible] in sales, especially in the US, [illegible] biggest market, and Sweden, and cashes in on painful cost-cutting measures taken [illegible] past three years and [illegible] weakness [illegible] Swedish krona.

In addition, [illegible] pre-tax figure will [illegible] thanks [illegible] capital gain mainly stemming from [illegible] disposal in April of Volvo's controlling [illegible] in Cardo, [illegible] investment [illegible] Incentive, [illegible] industrial arm [illegible] the Wallenberg family empire. The Cardo sale [illegible] the first major step [illegible] by Volvo in its [illegible] to [illegible] of [illegible] activities by [illegible] strengthen [illegible] capital base.

The decision [illegible] on its traditional vehicle making [illegible] a [illegible] strategic rethink carried out early this year following the traumatic collapse in December of [illegible] plan [illegible] Volvo [illegible] and trucks with France's Renault. Investors will [illegible] looking [illegible] more from Volvo on its plans [illegible] disposal of its [illegible] biggest non-core holdings – BCP, [illegible] food and drinks group, and [illegible] per [illegible] in Pharmacia, [illegible] pharmaceuticals group.

Volvo has yet [illegible] answer what models it will develop [illegible] of only three basic car models. [illegible] for [illegible] time being, it is cruising faster than it [illegible] done since the [illegible] and analysts do not expect the present profits spurt to peak until late 1995 or 1996.

Meanwhile, both Pharmacia and Astra, the drugs group which has [illegible] a star in the Wallenberg firmament for several years, will report six-month results [illegible] Wednesday.

Ladbroke
Share price relative to the FT-SE-A All-Share Index

Source: FT Graphite

LADBROKE

Odds shorten on Ladbroke casino buy

It would [illegible] gambler that [illegible] a bet against Ladbroke announcing [illegible] UK casino [illegible] when interim results are announced on Thursday. Less certain is the extent to which the group will [illegible] from a downturn at its DIY chain, Texas H[illegible].

The [illegible] group is expected to announce a 31 per cent drop in [illegible] pre-tax profits [illegible] exceptionals [illegible] £43m [illegible].

Analysts are looking [illegible] Texas to return profits of about £3.9m, against more than [illegible] time.

Rumours abound of a sharp upturn in credit betting during May and June. Expectations are that this will leave the betting business at least as good as last year's £40.5m, and perhaps even better.

While the dividend is likely to come down from 4.9p to 2.5p, this has been [illegible]ely expected since the drastic [illegible] the year-end. Overall, analysts expect the full-year dividend to be higher than last year's reduced payout of 6p, down [illegible] per cent.

The real interest in these results will be the expected announcement of the purchase [illegible] London [illegible] for about £50m. Ladbroke needs the acquisition if it is to get into the rapidly growing US [illegible]bling market. Approval by the UK authorities, which expelled Ladbrokes 15 years ago, would give [illegible] group the credibility it needs in the US and abroad.

OTHER COMPANIES

Appetites whetted by Sandoz acquisition

Sandoz, the Swiss pharmaceutical and chemicals group, has already revealed that its first half sales were up only 2 per cent to SFr8.22bn ($6.2bn). A more complete interim statement is expected late this week from the group. Following the completion last week of [illegible] SFr3.7bn acquisition of the [illegible] baby food maker Gerber Products, some indication of its impact on full year results would be welcomed.

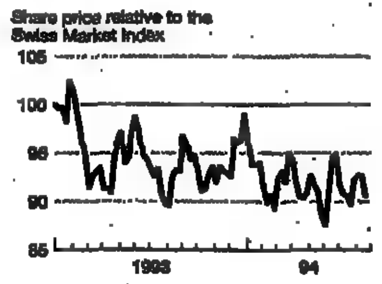
■ **Rabobank:** The Dutch co-operative bank will today publish its results for the first half, bringing to a close the reporting season for the Netherlands' three major banks. Rabobank's main competitions, ING Group and ABN Amro, last week reported earnings at the top end of analysts' expectations, despite the impact of bond market turbulence in the first quarter.

■ **Alusuisse-Lonza:** The diversified Swiss industrial group, and an analysts' favourite for several months, will report on its first half at a press conference tomorrow. [illegible] a disappointing 1993, [illegible] very strong recovery [illegible] expected this year as the group continues to build up [illegible] packaging business, and move away from aluminium.

■ **Swiss Bank Corporation:** Georges Blum, appointed chief [illegible] of SBC last year, seems to be having a tougher time than he [illegible] bringing order [illegible] Switzerland's third largest bank. The 45 per cent slump in first-half profits before tax and provisions reported two weeks ago was significantly worse than the performance of SBC's two local rivals. Mr Blum will perhaps explain at a press conference on Wednesday how SBC can mend its erratic ways.

■ **Fletcher Challenge:** The New Zealand energy, construction and forestry group is expected to announce on Thursday [illegible] trading profit, before consolidation, of around NZ$165m ($97m) for the year to June 30, about half of last year's level. But [illegible] string of [illegible] including [illegible] methanol interests, are expected [illegible] abnormal profits of around NZ$400m. The company has enjoyed a strong turnaround in earnings from pulp and paper in recent months. Most analysts are predicting a strong profit recovery in the present financial year. The company's energy division and building supplies [illegible] are [illegible] have performed well over the past year.

Sandoz
Share price relative to the Swiss Market Index



Source: FT Graphite

Compan[illegible] in this issue

T&N in talks to acquire German stake

By Tracy Corrigan

T&N, the engineering group, [illegible] believed to be in talks with Metallgesellschaft [illegible] the potential acquisition [illegible] German company's 47 per cent stake in Kolbenschmidt, the [illegible] components [illegible]

The talks [illegible] likely [illegible] intensify following reports that Metallgesellschaft's agreement to sell its [illegible] Dana Corporation [illegible] the US has run into difficulty.

It [illegible] believed that talks between T&N and Metallgesellschaft have been in progress for about six months, and continued even after the Germany company came to an agreement with Dana.

T&N said: "This is speculation and we cannot comment."

The stake in Kolbenschmidt was put up for sale in January by Mr Kajo Neukirchen, who [illegible] brought in by [illegible] banks to salvage the ailing German engineering giant. It had suffered huge losses, totalling more DM1bn (£400m) on oil derivatives trading by a US subsidiary.

Last March, Dana [illegible] in principle [illegible] buy the stake, though no price [illegible] put on the deal, which has [illegible] approved by the companies' boards.

Given its financial difficulties, Metallgesellschaft may be under some pressure to secure [illegible] sale of the stake. Kolbenschmidt lost DM123m in the year to [illegible] September [illegible] is labouring under heavy borrow[illegible].

[illegible] interim pre-tax profits, [illegible] to be [illegible] on Thursday, [illegible] expected [illegible] £51m, helped by an upturn in European car [illegible] and in [illegible] US [illegible] industry.

Brit Steel and SSAB in Norway expansion

By Christopher Brown-Humes in Stockholm

[illegible] and [illegible] Swedish [illegible] group, have [illegible] to [illegible] full control [illegible] Stal, Norway's leading [illegible]

The [illegible] companies, [illegible] already hold [illegible] per cent [illegible] shares, [illegible] buying [illegible] majority [illegible] from Norsk [illegible] Holding, [illegible] largest Norwegian [illegible] producer, on undisclosed terms.

[illegible] Stal, which [illegible] profits of NKr30m (£1.9m) on turnover [illegible] NKr1.16bn, [illegible] already the main distribution [illegible] for both British [illegible] and [illegible] in Nor[illegible]. Its operations [illegible] Tynnplater, Norway's [illegible] centre with clients in both Sweden and Norway.

[illegible] by Norsk Jern as part of [illegible] restructuring which will focus its operations on Fundia, a producer of long steel products. Terms are expected to be finalised by [illegible] next month [illegible] will [illegible] subject [illegible] approval from [illegible] European Commission and Nordic [illegible].

[illegible] is Scandinavia's big[illegible] producer with [illegible] targeted market share of 50 per cent in heavy plate and strip products. It already collabo[illegible] with British [illegible] through European Electrical Steels, which [illegible] operations in [illegible] and [illegible] [illegible] the [illegible].

Eastern Electricity in N Sea gas deal

By Michael Smith

Eastern Electricity has taken a 6 per cent stake in the Johnston North Sea gas field when it agreed to buy Offshore Oil [illegible] Development from Heerema, the Dutch construction group, for an undisclosed sum.

Eastern is the third regional electricity company, after Yorkshire and Northern, to enter the upstream [illegible] business. It also has one of the [illegible] supply businesses [illegible] recs.

It has already contracted [illegible] buy the output [illegible] the Johnston [illegible], which [illegible] expected to be in production later this [illegible] a [illegible] expectancy of [illegible] 11 years. The field [illegible] operated by Hamilton [illegible].

Mr John Devaney, [illegible] chief executive, said the pur[illegible] part [illegible] the plan for developing [illegible] integrated [illegible] business.

[illegible] mainly comprising the 6 [illegible] in Johnston, [illegible] valued [illegible]. The acquisition is subject to the approval [illegible] Mr Michael Heseltine, [illegible] industry [illegible].

Andrew Taylor reports on the latest study of housebuilders' trends

New homes favoured by buyers

The UK housing market's slow emergence from recession [illegible] unlikely [illegible] dent sharp increases in housebuilders' pre-tax profits, according [illegible] brokers Credit Lyonnais Laing.

Its annual study of the housing sector's state of health says that the pace of [illegible] likely to be sluggish, with borrowing [illegible] remaining high. Potential house buyers are unlikely to [illegible] as active [illegible] in previous recoveries because confidence has been sapped by the fall in house prices in the late 1980s and early 1990s.

This should not, however, prevent housebuilders' profits from rising rapidly over the [illegible] 18 months. [illegible] this year have been selling faster than existing properties, where estate agents have complained that the price expectations [illegible] many sellers [illegible] remained too high.

Best placed [illegible] companies with large land banks which have not been forced to replenish [illegible] land prices [illegible] since the beginning of 1993.

The Credit Lyonnais study has been published at the start [illegible] busy results [illegible] for construction [illegible] building materials companies. Some of these have already benefited from the rise in new housebuilding in the UK and also in the US.

Last week Marley, the building materials group, announced that pre-tax profits had [illegible] doubled [illegible] £26m during the [illegible] months to [illegible] June – [illegible] first-half performance since [illegible]. [illegible] Wednesday housebuilder Persimmon and cement group Rugby are both expected to show higher interim profits.

Credit Lyonnais argues that [illegible] their market [illegible] while [illegible] overall housing market has [illegible] sluggish over [illegible].

Its profits model, based on the performance of 20 quoted housebuilders, expects the number of homes built by the companies [illegible] by [illegible] per cent this year to 41,534 and by a further 22 per cent next year to 50,630. Higher house sales for the same fixed overheads will enhance builders' margins, depending upon how many new sites are started.

But "the most significant impact on profits this year and perhaps even next year" is likely to be the elimination of expensive land bought at the peak of the market.

Builders will have been assisted further by the removal of sales incentives, accounting for as much as 5 per cent of the [illegible] price of [illegible] home, [illegible] though house prices in general have seen little uplift.

Credit Lyonnais believes the recovery will remain slow, with purchasers likely to move because of need rather than to take advantage of rapidly rising prices. Capital growth of 1 or 2 per cent a year against long-term mortgage [illegible] of [illegible] per cent for 10-year loans will not encourage people to move.

The main constraint on the market, [illegible], is the continuing impact [illegible] negative equity which "has not just altered the purchasing [illegible] of those directly affected but has affected [illegible] attitudes of potential [illegible] purchasers who, in [illegible] inflationary environment, might now [illegible] rushing to join the housing bandwagon."

The study concludes: "In a recovering economy the bull points will win but the contraints will be [illegible] import [illegible] a [illegible] one."

The Top Ten Housebuilders – Units Completed	Year end	1989	1990	1991	1992	1993	*1994	*1995
Wimpey	Dec	7100	6263	6380	5642	6936	8000	8500
Tarmac	Dec	12027	11038	9327	7820	6837	7000	7500
Barratt	Jun	6600	5950	4963	[illegible]	[illegible]	5750	6700
Beazer	Jun	6066	5372	5006	4266	4805	4050	6000
Wilcon (Wilson Connolly)	Dec	1800	2350	2750	2880	3840	4300	[illegible]
[illegible] (Raine)	Jun	1913	1976	1893	2375	[illegible]	3350	3700
Bryant	May	1890	1800	1865	2330	2815	3200	3700
Persimmon	Dec	1796	2028	2324	2274	2771	3250	4000
Lovell	Sep	2963	2823	3101	2571	[illegible]	2700	3100
Ideal (Trafalgar House)	Sep	3402	2525	2235	2354	2554	2500	2500

* Estimate — Source: Credit [illegible] Laing

MTL buys Telematic

MTL Instruments has acquired Telematic Systems for up to [illegible]. An initial [illegible] of £1.2m will be satisfied by £400,000 cash, [illegible] in shares and £400,000 in loan notes. There will be [illegible] further turnover-related payment of up [illegible] £1.2m in loans notes.

[illegible] the year [illegible] the end of March, Telematic [illegible] a pre-tax profit of £5,000 (£67,000) on turnover of £993,000 (£1.04m). Net assets at the period end were £287,000.

Baillie Gifford

Baillie [illegible] Shin Nippon, [illegible] investment trust which seeks long-term capital growth through a portfolio of small Japanese companies, [illegible] diluted net asset value of 170p at July 31 – a rise of 7.4 per cent on the value of 158.3p at [illegible] trust's January year end.

[illegible] for the [illegible] months were [illegible] (£30,855), equivalent to 0.5p (0.19p) [illegible].

Wyevale expansion

Wyevale [illegible] Centres is buying two garden centres, in Keynsham, near Bristol [illegible] West Drayton, Middlesex, from Hurrans Garden Centres for £1.7m cash, plus stock.

Richards withdraws from printed carpets

By Jean Marshall

[illegible] in Richards fell [illegible] to 49p on Friday after the Aberdeen-based [illegible] company [illegible] its [illegible] from the manufacture of printed carpet where, it said, it had [illegible] long-term competitive advan[illegible].

The carpet manufacturing operations in Northern Ireland [illegible] now [illegible] with the [illegible] 175 jobs. A "sig[illegible] write-off" would inevi[illegible] from [illegible].

All non-print carpet [illegible] would [illegible] Cumnock, Ayrshire, and [illegible] remaining carpet business should improve performance substantially in [illegible]. The [illegible] spinning operation [illegible] improved results.

For the half [illegible] March 31, pre-tax [illegible] deepened from [illegible] to [illegible] after provisions totalling [illegible] for the period. [illegible] swing from operating [illegible] of [illegible] profits [illegible] £220,000 from continuing activities.

Braime ahead 46% to £0.23m

TF [illegible] JH Braime, the [illegible] presswork [illegible] components [illegible], reported profits [illegible] pre-tax [illegible] the [illegible] months [illegible] end [illegible] June.

The [illegible] from [illegible] turnover [illegible] (£3.31m).

[illegible] of lift components remained buoyant in all markets, with signs of improvement [illegible] Setem, [illegible] subsidiary, [illegible] presswork [illegible] improved since the year [illegible].

Earnings per share jumped [illegible] 10.24p [illegible] and the interim dividend goes up from [illegible] 2.6p.

CROSS BORDER [illegible] DEALS				
BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Charter (UK)	Esab [illegible]	Electrical equipment	[illegible]	[illegible] bid [illegible]
[illegible] Group [illegible]	EnviroTech [illegible] (US)	Pumping equipment	£138m	[illegible] internationalisation aims
Equifax (US)	UAPT-Infolink (UK)	Business services	£50.9m	Offer raised again
Cementos Mexicanos (Mexico)	Cementos Bayano (Panama)	Cement	£37.2m	Privatisation sale
Fairey Group (UK)	Imaging Technology (US)	Computer services	£8.9m	Agreed cash deal
Sage Group (UK)	Timeslips Corp (US)	Computer services	£7.8m	Performance-related price
Oxford Molecular Group (UK)	IntelliGenetics (US)	Computer services	£5.2m	Paper & cash deal
Instrumentarium (Finland)	Unit of Gambro (Sweden)	Healthcare	n/a	Patient build-up
Otis Elevator (US)/CEC (Vietnam)	Otis Saigon Elevator (Joint Venture)	Lifts & escalators	n/a	Re-establishing relations
Walt Disney (US)/CLT (Luxembourg)	Joint Venture	Broadcasting	n/a	50/50 satellite venture

Oerlikon-Bührle expects improved annual earnings

By Ian Rodger in Zurich

Oerlikon-Bührle, the [illegible] weapons, engineering and retailing group, has forecast a "clearly improved" operating result for the current year and has [illegible] paying a dividend for the first time in nearly a decade.

Bührle reported a 44 per cent slide in net income in the first half to SFr6m ($4.3m), but this setback was entirely due to the absence of large extraordinary gains from property sales in the current period.

Operating income rose 62 per cent to SFr59.3m on flat sales [illegible] SFr1.36bn, and the result before [illegible] extraordinary [illegible] advanced to a profit [illegible] SFr30.4m [illegible] a [illegible] of SFr2.9m.

The profit improvement [illegible] mainly [illegible] engineering business and [illegible] Contraves [illegible] subsidiary. Balzers, which supplies surface coating equipment and services, has seen a big growth in demand [illegible] for its machines, especially [illegible] for coating [illegible].

[illegible] received in the first half [illegible] up 17 [illegible] cent [illegible] SFr242.7m, and [illegible] operating profit more than doubled to SFr14.4m.

The long troubled Contraves division also more [illegible] doubled its operating profit from SFr7.2m to SFr16m in the first half, but Bührle [illegible] lower profits in the full year. It cited budget problems in customer countries and uncertainties over Swiss policy on military equipment exports.

Sales of the Bally shoes subsidiary were flat at SFr514.5m, [illegible] up [illegible] per [illegible] currency effects.

Operating profit was down 14 per cent to SFr30.2m. Slight increases in sales and operating profits are expected in the full year.

Bührle indicated that [illegible] would clear its capital deficit this year.

However, the directors have not yet decided whether to recommend a dividend for 1994. The last one paid [illegible] in respect of 1985.

The group has not yet been able to carry out its DM100m ($62.5m) acquisition of the Leybold vacuum engineering company. The US Federal [illegible] Commission had not yet given its approval.

The German Cartel Commission [illegible] already demanded [illegible] disposals [illegible] Leybold or Balzers.

Bührle said it still expected to consolidate Leybold retroactively to the first of the year, and indicated that the German company had returned to profit this year.

Austrian insurer in 1m share debut

By Ian Rodger

Wiener [illegible] Allgemeine Versicherung, Austria's largest insurance company, [illegible] coming to the Vienna stock exchange in October with an initial [illegible] of 1m new preference [illegible].

The Sch100 par value shares would represent just under one-tenth [illegible] the group's [illegible] Sch1.1bn [illegible] nominal capital.

Wiener Städtische [illegible] 91 per cent controlled by [illegible] mutual society backed by the City of Vienna. Bank Austria, which is also controlled indirectly by the City of Vienna, has 8 per cent.

The all risk insurer had premium income last year of Sch15.4bn, giving it a 13 per [illegible] share of the Austrian market.

Net income, calculated on the Austrian financial analysts' method (OVFA), jumped [illegible] Sch852m from Sch625m [illegible] 1992.

Its capital at the year-end [illegible] at Sch6.2bn.

In the first half of 1994, its premium income advanced 4 per cent to Sch8.5bn, and it is forecasting a 2 per cent rise in the full [illegible] Sch15.8bn. OVFA [illegible] income [illegible] to ease [illegible].

Wiener Städtische [illegible] group [illegible] companies which has a combined annual premium income of Sch23.6bn and claims a market share of about [illegible] per cent.

The preference shares will be entitled to a minimum 15 per cent dividend with [illegible] guarantee to exceed the ordinary dividend [illegible] 5 per cent for [illegible] years. The ordinary dividend for the past [illegible] years has been 15 per cent.

Bank Austria, lead manager of the issue, plans to announce the [illegible] the shares on September 30. The [illegible] is from October [illegible] to 7.

SA watershed for black business

Nail starts trading in Johannesburg today. Mark Suzman reports

New Africa [illegible] Limited (Nail) begins trading on the Johannesburg stock exchange today. [illegible] arrival marks the most significant [illegible] black business in South Africa [illegible] date and highlights the [illegible] of [illegible] economic clout in the country.

The formation of Nail, [illegible] brainchild of Dr Nthato Motlana [illegible] Soweto-based medical doctor turned [illegible] to [illegible] President Nelson Mandela's personal physician, [illegible] an important initiative by [illegible] standards.

Nthato Motlana: Soweto-based doctor turned businessman

Dr Motlana and [illegible] group [illegible] partners have put together [illegible] number of [illegible] black initiatives [illegible] rolled them into a [illegible] company. [illegible] 30 [illegible] cent controlling share in Metlife, South Africa's fifth largest life [illegible], and it controls The [illegible] the [illegible] try's [illegible] daily, and holds a large [illegible] in MTN, [illegible] cellular phone network. Total assets amount to about R7bn ($1.9bn).

The company's listing marks [illegible] for [illegible] but [illegible] charge that [illegible] formation owes [illegible] white desperation to build up a class of black capitalists than any inherent [illegible] acumen [illegible] the part of Dr Motlana and his associates. "All it does is help [illegible] a new [illegible] without providing [illegible] real benefits for [illegible] masses," [illegible] one cynic.

[illegible] the charges [illegible] than a grain [illegible] truth. Certainly nearly all the [illegible] leading to [illegible] formation [illegible] have been facilitated by white conglomerates [illegible] that, given [illegible] new political climate, [illegible] seen to have [illegible] genuine [illegible].

The [illegible] by [illegible] black consortium [illegible] The [illegible] year from Argus Newspapers, former Anglo-American subsidiary, [illegible] managed on very [illegible] terms, while the [illegible] first 10 per cent [illegible] by Dr Motlana [illegible] his partners [illegible] provided through [illegible] loan, [illegible] repaid, from [illegible] Industrial Development Corporation.

Meanwhile, Sankorp, the Afrikan[illegible] insurance group that [illegible] own Metlife, [illegible] the new company [illegible] on the board [illegible] directors, and existing [illegible] management is being kept on [illegible] both Metlife and The Sowetan.

However, Sankorp officials deny they will [illegible] seeking any managerial role in the [illegible] emphasise [illegible] decision [illegible] sell Metlife [illegible] made [illegible] sound [illegible]. "We will fulfil our [illegible] in corporate governance," [illegible] Mr Attie du Plessis, [illegible] Sankorp executive director. [illegible] will not interfere in the day-to-day [illegible] the [illegible] have faith in the directors and the underlying companies."

The fact that ulterior [illegible] might lie behind the conglomerates' willingness to engineer the necessary deals, makes their generosity good financial sense in the current climate. "The black [illegible] of the life [illegible] market is growing at 50 [illegible] cent a year," [illegible] one broker. "Although [illegible] share of the [illegible] has dropped from [illegible] per cent to 40 per cent over the [illegible] it's still in a better position to [illegible] from the growth than [illegible] other company."

Also, charges that Nail [illegible] only [illegible] tiny [illegible] of [illegible] are not entirely justified. In [illegible] having [illegible] individual black shareholders, the National [illegible] Trade Unions has [illegible] a 13.7 [illegible] share of the [illegible] company, [illegible] other union [illegible] likely [illegible] take up a further [illegible] per [illegible] in the near future.

Sizeable though Nail might be, compared with the bigger life assurers or the leading banks and mining houses, it [illegible] one [illegible] black fish in a pond filled [illegible] big white ones.

However, given apartheid's [illegible] in preventing [illegible] accumulating capital or [illegible] build [illegible] their own companies, [illegible] such as [illegible] the only viable way [illegible] developing large black [illegible] Africa.

Aegon rises 11% and [illegible] further gains

By Ronald van de Krol in Amsterdam

Aegon, the Dutch insurer, posted a 10.8 per cent rise in first-half net profit and predicted [illegible] "clear [illegible]" in operating profit and profit per share for 1994 as a whole.

Net profit rose to Fl 550.7m ($306m) from Fl 497m, while operating profit rose 13.3 per cent to Fl 465.7m from Fl 411.1m. The net profit figure comprises operating profit plus realised gains on shares and property, which were virtually unchanged at Fl 85m compared with Fl 86m.

Premium income rose 46 per cent to Fl 7.66bn, with most of the increase due to the first-time inclusion of results from Scottish Equitable Life following last year's acquisition. If this factor is excluded, premium income would have risen by 8.5 per [illegible].

[illegible] company said foreign exchange [illegible] had [illegible] modestly [illegible] on first-half results. Aegon added it has hedged its risk against a sharp decline in the dollar against the guilder.

Aegon said profits grew in the Netherlands, the US and [illegible] parts [illegible] Europe. [illegible] exception was Aegon Insurance Company (UK), [illegible] subsidiary in [illegible] which [illegible] disappointing results.

De Beers changes terms of venture

By Kenneth Gooding, Mining Correspondent

De Beers, [illegible] world's [illegible] group, [illegible] changed the terms of its proposed joint venture with two junior Canadian companies after disappointing results from tests in Canada's Northwest Territories.

Nevertheless, De Beers will continue to explore the so-called Yamba Lake concession area and, if the group decides to go into production, it will find financing of up to C$500m (US$357m) for the first mine and earn a 60 per cent interest in the concession.

However, De Beers no longer has any obligation to take shareholdings in Mill City Gold and Tanqueray Resources, as it agreed when the joint venture was first mooted last month.

De Beers said independent testing of a 24.5 tonnes sample from the Torrie kimberlite pipe at Yamba Lake produced 19 small diamonds weighing in total less than one carat. The Torrie pipe lies in the "corridor of hope" runs for nearly 150 kilometres and where nearly 100 kimberlite pipes – which sometimes contain diamonds – have been found.

This is the second blow for Canadian junior mining companies. A recent unexpected announcement of sampling results by Kennecott, a subsidiary of RTZ of the UK, sent share prices of many of the small companies plummeting.

Nestlé lifts water stake

By Ian Rodger

Nestlé, the world's largest food and beverages group, is raising its indirect stake in the San Pellegrino mineral water company.

The [illegible] group said it had enlarged its stake in Compagnie Financiere [illegible] Haut-Rhin (CFHR), a Luxembourg [illegible] pany which [illegible] majority [illegible] of [illegible] Pellegrino, [illegible] 42 [illegible] cent from [illegible] per [illegible] by buying shares from the Italian Gardini and Malgara families.

It expected to raise its CFHR stake [illegible] to 49 per cent through purchases from the Mentasti family, which controls it.

Nestlé, which has been building its mineral water interests rapidly in the past few years, also has a direct stake in San Pellegrino, believed to be about 14 per [illegible].

First-half profits dip [illegible] Danone

By David Buchan in Paris

Danone, France's largest food group, has reported a slight drop in [illegible] profit [illegible] FFr1.67n [illegible] from FFr1.8bn in the same period [illegible] 1993. [illegible] it [illegible] still banking on [illegible] profit [illegible] for the year.

The beverage products of Danone, which recently [illegible] its [illegible] from BSN, are particularly sensitive to fluctuations in the [illegible]. This was [illegible] in [illegible] until June but then followed [illegible] spectacular summer on which Danone is basing its confidence for [illegible] rise in overall earnings for 1994. It said its beer sales had been artificially swollen in the first half of last year ahead of [illegible] rise in French excise tax.

First-half turnover [illegible] FFr37bn, which was a rise of 6 per [illegible] taking into [illegible] new acquisitions and of 2.7 per cent [illegible] comparable basis with the first six months of [illegible] year. The group [illegible] its operating income and net profit declined slightly in the first half, but its cashflow rose marginally to FFr3.49bn.

According to [illegible] reports, Danone is negotiating the sale of its Materne jam-making division [illegible] Hillsdown [illegible] the UK, [illegible] French group is refusing to comment on this.

[illegible] Friday's [illegible] meeting, Mr Franck Riboud, the 38-year-old son of Mr Antoine Riboud, president, was named deputy [illegible] director, or number [illegible] to his father. But at [illegible] same time, the group's managing inner circle was widened to include [illegible] new assistant managing directors.

SA engineer beats forecasts

Murray and Roberts, [illegible] South African [illegible] and engineering group, improved [illegible] to lift pre-tax earnings [illegible] per [illegible] R487m [illegible] from [illegible] for [illegible] year ending in June, writes Mark Suzman in Johannesburg.

Turnover rose [illegible] per cent [illegible] R7.77bn from R6.78bn [illegible] year ago.

However, a 22 per cent [illegible] in tax paid, [illegible] R111m from [illegible] meant that attributable [illegible] rose only 2 [illegible] cent [illegible] R340m from R333m.

NEWS DIGEST

Siam Cement ahead 27.3% in second quarter

Siam Cement, Thailand's biggest conglomerate, reported a [illegible] in consolidated net profits [illegible] in the [illegible] quarter [illegible] end-June, resulting in a 63 per cent [illegible] for the half-year, writes William Barnes in Bangkok.

Mr Chumpol Nalamlieng, president, [illegible] the [illegible] growth in profits was [illegible] high growth in [illegible] and improved performances [illegible] steel, [illegible] and ceramic subsidiaries. Large currency [illegible] gains had [illegible] in [illegible] quarter.

[illegible] Cement [illegible] 5 [illegible] in [illegible] in [illegible] quarter to Bt15bn.

Hudson's Bay advances 14%

Hudson's Bay, [illegible] biggest retailer, said second-quarter net profit rose 13.9 per cent to C$18.8m (US$13.6m), [illegible] cents a share, from C$16.5m, or 32 cents, [illegible] year earlier, with better [illegible] the main [illegible] department [illegible] chain, writes Robert Gibbens in Montreal.

Sales [illegible], up 10.5 per cent, with the Bay division gaining 12.9 per cent and Zellers up [illegible] per cent. Including special items, final profit in the [illegible] quarter was C$40.9m or 72 cents a share.

First-half profit [illegible] special items was C$22.2m, or 39 cents [illegible] share, against C$12.1m, [illegible] 23 cents, on [illegible] outstanding.

Sales were C$2.5bn against C$2.3bn.

The [illegible] period [illegible] Woodward [illegible] in [illegible].

Fonorola to become national carrier

Fonorola, the Canadian [illegible] communications reseller, plans [illegible] turn itself into Canada's third [illegible] long-distance carrier, writes Robert Gibbens.

At present [illegible] company [illegible] facilities from the [illegible] carriers, [illegible] and Unitel, [illegible] prices [illegible] provides enhanced services to business customers at prices [illegible] the telephone companies' rates.

[illegible] Fonorola [illegible] formed a limited partnership with [illegible] National Railways [illegible] develop [illegible] existing 1,500-mile trans-Canada fibre-optic network running [illegible] its tracks between Montreal and Vancouver.

Fonorola will also get access to other CN private systems in Canada and the US, as far south as Cincinnati.

It will invest C$15m cash in the partnership and arrange supplier finance for a C$50m upgrade of the CN fibre-optic network.

Canadian National Railways said its role would be passive but it wanted to "maximise an under-utilised asset".

It built [illegible] system in [illegible] early 1980s to manage its rail network more efficiently.

Formosa Plastics drops 3.9%

[illegible] Formosa [illegible] Corp, a leading manufacturer of petrochemical products, saw pre-tax profits for the year to June 30 fall 3.9 per cent to T$2.45bn ($91m) as a result of a T$348m [illegible] on [illegible] US operations, writes Laura Tyson in Taipei.

First-half revenues were up 19 per cent from a year earlier, to T$15.41bn, on steady sales growth, the group [illegible]. It added that earnings in the first half of last year were lifted by T$440m from land sales and other income.

The company took a loss of T$348m in its US operations.

Small car with big ambitions

Continued from Page 15

shifts with the ability to rise to 1,200 [illegible] day. The car will be built at VW's main plant at Wolfsburg in northern Germany at the rate of 530 [illegible] day.

While ambitious for Volkswagen, [illegible] targets appear modest against the aims of its bitter rival General Motors, with which it is still locked in controversy over GM allegations of industrial espionage. Opel is raising Corsa production at its Eisenach plant in eastern Germany to 640 a day on a three-shift operation. Combined with its main Corsa plant at Zaragoza, Spain, this will raise total production for the range to 2,400 a day.

The Polo must also help to bring VW down to a lower cost base, so that the heavily loss-making German group can start to rid itself of its unenviable position as Europe's high-cost carmaker. Mr Ferdinand Piëch, chairman of the VW management board, claims the hours taken [illegible] build [illegible] new Polo have [illegible] by about 15 per cent (on a comparable basis [illegible] the old Polo) [illegible] 16 hours per [illegible].

The new car [illegible] also an important element in the group's platform strategy aimed at cutting costs and simplifying its global manufacturing activities. It is planning to reduce the number of basic chassis platforms from 16 earlier this year to four by early next decade. The Polo platform will spawn all other small car models in the VW group for the next decade, including Seat and Skoda.

According to Mr Ulrich Seiffert, VW group research and development director, the new Polo shares about 40 per cent of [illegible] components, by value, with [illegible] half-sister, [illegible], launched early last year. The Ibiza and [illegible] dashboards, as well as rear axle and suspension, and some engines and gearboxes.

VW is developing its first mini car, [illegible] than the Polo, code-named the EA420 and due for launch in Europe by late 1996. Based on [illegible] shortened Polo platform and to be produced at Wolfsburg, it is supposed to be the car that proves VW can assemble cars in Germany as cost effectively as any carmaker in Europe.

It is a big task for a small car, but such rationalisation is crucial as the VW group seeks to claw its way back into the black following last year's record losses of DM1.9bn.

FINANCIAL TIMES
MARKETS
THIS WEEK

Global Investor / Bronwen Maddox in New York

What value greater disclosure?

Who would argue with the proposition that more information is a good thing? In suggesting that banks should reveal more about their [illegible] of volatile financial instruments, bank regulators and congressmen have struck a popular chord.

After [illegible] months [illegible] worrying trading reports from banks, funds and companies which bear [illegible] losses [illegible] instruments, the [illegible] given a warm welcome to such proposals. The [illegible] of newsprint devoted to the [illegible]ject also show [illegible] the plans have a [illegible] touching widespread public suspicion of Wall [illegible].

However, [illegible] trying to improve the banks' disclosure of information may have set themselves an impossible task. There is little sign that the methods they are considering will prove useful; some may, in fact, prove counterproductive.

The current clamour has been prompted by the events of this spring, when the proprietary trading desks of banks [illegible] hit [illegible] by the sharp increases in US and European [illegible]. The [illegible] produced heavy losses [illegible] many of [illegible] of financial instruments [illegible] labelled "derivatives", the value of which depends on the movement [illegible] an underlying variable such as an interest rate or currency.

The [illegible] that the [illegible] use of these instruments had sharply increased during 1993. In a [illegible] analy[illegible] of US banks' current disclosure practices, Mr Ethan Heisler, analyst at Salomon Brothers, calculates that "derivative [illegible] for the eight largest US [illegible] by $3 trillion in 1993 [illegible] $10 trillion", a level some 10 times greater than [illegible] combined [illegible] end [illegible].

Banking regulators, including Mr Eugene Ludwig, Comptroller of the Currency, and Mr William McDonough, president of the Federal Reserve Bank of [illegible] York, [illegible] for higher [illegible] disclosure, and [illegible] officials [illegible] preliminary [illegible]als within months. [illegible] of Representatives' banking [illegible] studying plans [illegible] new [illegible] rules, and the [illegible] Accounting [illegible] Board is also considering new ways to represent [illegible] of [illegible] in trading [illegible] sheets.

There is, in this flurry, an air of compensating for the escape of the horse by shutting the stable door many times. Regu[illegible] that [illegible] the [illegible] began [illegible] monetary policy on February 4, [illegible] sharply reduced [illegible] exposure to further shifts in interest rates. Mr McDonough commented in an article in the Financial Times earlier [illegible] month [illegible] of melt-down are overblown".

The best argument that more should be done lies not in recent experience but in the principle that the role of the banks [illegible] providing liquid deposits and in administering payments needs to be safeguarded from risky activity which they may undertake on their own behalf.

Regulators [illegible] proposals [illegible] should publish accounts of their outstanding derivatives [illegible] quarterly, or even monthly. By establishing a series of such figures for each bank, regulators hope to compensate for wide variations in accounting practices, particularly in the choice of the period over which losses or gains are recognised.

That [illegible] not, however, overcome the central difficulty: [illegible] risk [illegible] exposure [illegible] derivatives cannot be represented in conventional ways. The nominal value of the contract gives no clue to the potential losses if the fundamental variable moves in an unexpected direction. In contrast, the most that a bank can lose in extending a loan is the principal [illegible] extended.

Nor do such proposals distinguish between the use of derivatives to reduce exposure to the volatility of interest rates or currencies and speculative trading. Neither do they inform the markets about whether the bank is vulnerable [illegible] rise [illegible] to a fall in those variables.

Inclusion of [illegible] in [illegible] bank's trading statements could even be misleading, in that creditors, investors and counterparties may [illegible] tempted [illegible] overlook other risks. [illegible] Salomon [illegible] it, "the market's current [illegible] will distract attention from potentially riskier activity" such [illegible] banks' renewed [illegible] for [illegible] debt and for highly-leveraged [illegible].

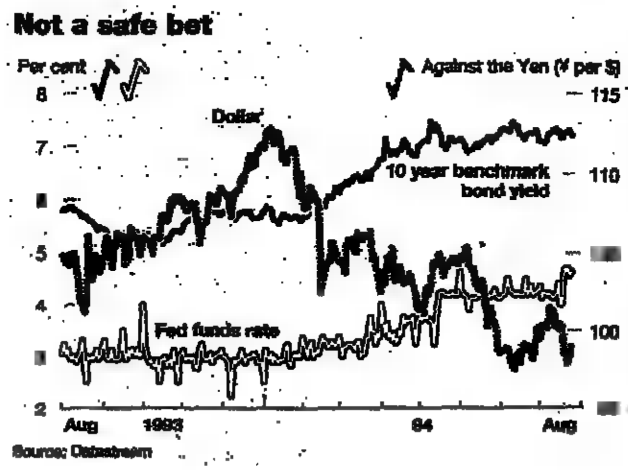
A [illegible] fruitful route than [illegible] quantify risk [illegible] bank's trading statement would be to [illegible] calculate [illegible] in [illegible] asset value which they would suffer from an adverse change in interest rates or currencies. [illegible] regional [illegible] banks do this to an extent, though given their much more modest level of activity in the derivatives markets, this has proved of limited use: Salomon estimates that "less than 3 per cent of [regional] banks' earnings would be affected if interest rates moved adversely by 100 basis points".

There is, though, an inevitable risk of focusing on the wrong variable: current concern centres on exposure to shifts in US interest rates, even though many banks have been caught out less by the Fed's change of policy in February than by the rise in European rates that followed.

A more radical route would be to insist that banks ring fence deposits from trading in derivatives on their own account. That would [illegible] of [illegible] concerns of creditors, although not those [illegible] in [illegible] shares or of counterparties [illegible] their trading.

The choice of the best route forward might be clearer if the regulators had been more forthcoming about the use they themselves might make of better information. The danger is that they are fashioning a new tool with little sense of why it is needed or how it will be used. The current anxiety about derivatives may simply generate a flood of financial data from the banks that is, on closer inspection, worthless.

Not a safe bet



Source: Datastream

Total return in local currency to 25/8/94

	US	Japan	Germany	France	Italy	UK
	% change over period					
Cash						
Week	[illegible]	[illegible]	0.09	0.10	0.18	0.09
Month	0.38	0.16	0.42	0.46	[illegible]	0.43
Year	3.44	2.78	5.88	6.06	8.38	5.50
Bonds 3-5 year						
Week	0.19	0.09	0.18	0.40	1.12	0.33
Month	0.47	-0.70	[illegible]	-1.56	-2.66	-0.70
Year	-1.16	2.79	3.43	[illegible]	[illegible]	0.87
Bonds 7-10 year						
Week	[illegible]	-0.10	[illegible]	0.27	1.60	0.74
Month	[illegible]	-1.37	[illegible]	-3.37	[illegible]	-0.82
Year	-4.43	[illegible]	-0.22	[illegible]	[illegible]	[illegible]
Equities						
Week	1.1	-1.7	-0.1	0.6	[illegible]	1.6
Month	3.3	1.1	[illegible]	-1.0	-5.5	4.5
Year	[illegible]	[illegible]	11.3	-0.3	8.8	9.3

Source: Cash & Bonds - Lehman Brothers. Equities-© NatWest Securities. The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited.

COMMODITIES [illegible] Mooney

Nickel labour talks loom

[illegible] of [illegible] expiry [illegible] labour contracts on Wednesday at Falconbridge of Canada, the second biggest western nickel producer, has been one of the few constructive factors for the nickel market in recent weeks.

The possibility of supply disruption during renegotiations was one of the principal factors behind the $215 rally that lifted the three months price of the metal [illegible] London Metal Exchange close to [illegible] a tonne last week.

With world nickel stocks still [illegible] uncomfortably high levels, [illegible] prospect of Falconbridge losing output and the strengthening in the market that would surely bring about is far from unwelcome to other producers. [illegible] having [illegible] the [illegible] and with prices languishing [illegible] around $2.70 a pound, the company cannot be expected [illegible] in [illegible] when [illegible] receives [illegible] unions' pay and conditions demands.

[illegible] traders will [illegible] watching closely after Wednesday to judge the mood of negotiators on both [illegible].

The nickel market could in any [illegible] be emerging from [illegible] gloom [illegible] Sumitomo, the Japanese steel maker, [illegible] right in [illegible] opinion, expressed [illegible] week, that [illegible] boom in stainless [illegible] is just around the corner.

Stainless steel producers are big users of nickel. There are [illegible] hopes that problems [illegible] Norilsk [illegible] Russia, the [illegible] nickel producer, could soon reverse [illegible] in [illegible] after the break up of [illegible] Union that played such a large part in the collapse of prices for the [illegible].

Other [illegible] this week include [illegible] grain and [illegible] fair in Hamburg and, from Wednesday, a five-day, Metal Bulletin-sponsored Asian Steel and Raw Materials Conference in Beijing. Wednesday [illegible] publication by [illegible] UK [illegible] Grown Cereals Authority [illegible] first [illegible] from [illegible] 1994 [illegible] quality survey [illegible] retirement of Mr Aldo [illegible] as buffer stock [illegible] the International Natural Rubber Organisation.

Economic Eye / Martin Wolf

Mismanaging trade policy

For president Clinton, the chief objectives of foreign policy are economic; the goal is increased exports; and the benefit of those exports is "good jobs". Along with these simplistic goals goes an equally simple approach. The administration wants results, above all from Japan. Senator Joseph Biden has defined the [illegible] "I [illegible] pete," he has stated, "I just want to win."

This quotation jumps out from the pages of a splendid new pamphlet on the defects of the US approach to trade with Japan.* The fire of the author, Douglas Irwin of Chicago University, is directed at what his teacher, Jagdish Bhagwati of Columbia University – the economist who has argued most persuasively against the new results-oriented approach – labels "voluntary import expansions" (VIEs), by analogy with voluntary export restraints.

The starting point should be whether a special policy for Japan is justified at all. Does it matter that Japan has a current account surplus of 3 per cent of gross domestic product, or that Japan has a bilateral surplus with the US of some 1 per cent of US GDP?

Exports of surplus savings from a rich country like Japan seem far more defensible than for the equally rich US to import scarce capital. It is also quite wrong to argue that current account surpluses mean there must be protection and *vice versa* for deficits. On that basis, Japan must be more protectionist now than when it used to run large deficits. Obviously, it is not.

The anguish over bilateral deficits is particularly ridiculous. The purpose of creating a multilateral trading system [illegible] world war [illegible] after all, [illegible] allow such bilateral deficits and [illegible]pluses. Nevertheless, it [illegible] a commonly held [illegible] that the Japanese bilateral surplus is gravely damaging the US economy. As the chart demonstrates, if the US is being dam[illegible], Singapore and Hong [illegible] already be ruined and even Taiwan should be tottering. Yet these are among the most successful [illegible] on [illegible] seems more plausible, on the evidence, to argue that running a large bilateral [illegible] with Japan is the surest route to an economic miracle.

Then there [illegible] all [illegible] complaints about Japanese [illegible] to imports. [illegible] Professor Irwin notes, the new US results-oriented [illegible] policy [illegible] on two arguments: that Japan's is an unusually closed [illegible] and [illegible] policies requiring specific, quantitative outcomes are necessary to overcome or to compensate for hidden barriers". The first premise is exaggerated and [illegible] "altogether [illegible] rate".

Japan does import relatively few manufactures in relation to GDP. In 1992 only a half of [illegible] imports [illegible] manufactures, compared with 82 per cent for the US and 79 per cent for Germany. But sophisticated econometrics does not support [illegible] belief that its imports are [illegible] than might reasonably [illegible] expected, given [illegible] size and lack [illegible] resources. [illegible] from [illegible] Kantor, [illegible] trade representative, that "Japan's [illegible] by any measure the [illegible] may [illegible] is, [illegible] Irwin, "completely absurd".

Grant, [illegible] moment, [illegible] Japan [illegible] because the people prefer to buy domestic products, which is their business, but because of obstacles created either by the government or by the structure of Japanese business. Would results-oriented policy be the right way to proceed?

The answer, argues Prof Irwin, is no. "VIEs are managed trade in the worst sense of the word. They do not make economic sense, they detract from the goal of liberalising the Japanese economy and they undermine the objective of an open, non-discriminatory world trading system." They are open to capture by lobbies and are almost certain to be discriminatory.

The [illegible] potent objection, however, [illegible] simply that the proposed solution [illegible] make [illegible] problem worse. Since [illegible] principal [illegible] to imports is [illegible] to [illegible] collusion [illegible] Japanese [illegible]nies, the aim [illegible] be [illegible] competition. [illegible] the only way to [illegible] a VIE work [illegible] an industry, or putting it under direct government management, or both.

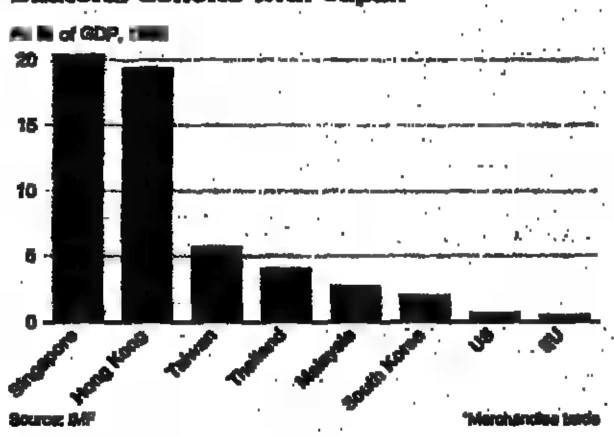
Take, for example, the seminal case of the semi-conductor pact of 1986. The Japanese government has since discovered that what it recognised as an expectation by US business – a 20 per cent market share for foreign producers – is regarded as binding by the US government. In trying to impose its will on domestic producers, the Ministry of Trade and Industry has also created such ill-will that it has apparently resolved never to adopt market-share targets again.

Until now, it has stuck to its guns. But the clock may be running out. By September 30, a resolution needs to be reached in negotiations on telecommunications and medical equipment. In the absence of success, the US may impose sanctions. On that day, the US must also reach a decision on which areas of Japanese trade policy are to be found "unfair" under section super-301 of its trade law.

All this puts a great deal of [illegible] the Japanese to concede. What should they [illegible] Ideally, the entire US-Japan conflict needs to be placed within [illegible] new world [illegible] organisation. If [illegible] proves impossible, the Japanese must at least reiterate the essential point: "yes, we are prepared to discuss our policies; but never again will we make commitments on [illegible] private Japanese firms."

Douglas [illegible] Irwin, [illegible] Trade: [illegible] Case [illegible] Import Targets, Washington DC: [illegible] Enterprise Institute, [illegible].

Bilateral deficits with Japan*



Source: IMF *Merchandise trade

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND [illegible] Figures in parentheses show number of [illegible] of [illegible]	FRIDAY AUGUST 26 1994: US Dollar [illegible]	%chg since 31/12/93	Pound [illegible]	Yen [illegible]	[illegible] Index	Local Currency Index	Local % chg from [illegible]	Gross Div. [illegible]	THURSDAY AUGUST 25 1994: US Dollar [illegible]	Pound [illegible]	Yen [illegible]	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	[illegible] week Low	Year ago (approx)
Australia [illegible]	[illegible]	6.0	[illegible]	[illegible]	143.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	142.12	158.21	[illegible]	[illegible]	146.31
[illegible] (17)	193.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	164.64	171.81
[illegible]	174.94	7.6	[illegible]	[illegible]	[illegible]	[illegible]	-4.2	3.98	[illegible]	[illegible]	111.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] (104)	[illegible]	-1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	120.54	128.12
[illegible]	[illegible]	[illegible]	[illegible]	162.70	[illegible]	[illegible]	[illegible]	1.38	260.44	[illegible]	[illegible]	209.35	[illegible]	275.79	220.58	[illegible]
Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	183.12	[illegible]	[illegible]	112.94
[illegible]	178.12	1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.94	[illegible]	169.19	111.70	[illegible]	147.27	[illegible]	[illegible]	168.96
[illegible] (58)	146.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.1	1.74	147.37	[illegible]	[illegible]	[illegible]	[illegible]	147.75	[illegible]	123.87
Hong [illegible] (55)	382.03	[illegible]	[illegible]	[illegible]	310.14	[illegible]	-21.9	[illegible]	[illegible]	361.83	[illegible]	304.59	[illegible]	506.56	[illegible]	[illegible]
[illegible] (14)	204.14	[illegible]	198.28	[illegible]	[illegible]	[illegible]	2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	209.33	[illegible]	169.66
Italy (59)	[illegible]	[illegible]	[illegible]	52.79	67.61	98.53	12.4	1.58	83.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	57.88	76.39
Japan [illegible]	[illegible]	25.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.74	[illegible]	158.27	103.16	[illegible]	103.16	170.10	124.54	[illegible]
Malaysia (97)	545.95	-7.7	[illegible]	346.09	[illegible]	[illegible]	-12.7	[illegible]	[illegible]	[illegible]	361.09	447.68	546.07	[illegible]	[illegible]	385.79
[illegible] (18)	2338.56	-2.1	2246.49	1461.17	1696.82	[illegible]	6.2	1.65	2368.80	[illegible]	[illegible]	1904.16	[illegible]	[illegible]	1615.11	1747.05
Netherland (27)	217.02	9.0	[illegible]	[illegible]	176.18	[illegible]	-1.6	[illegible]	216.63	206.87	136.57	174.14	[illegible]	217.02	180.25	181.69
New Zealand [illegible]	71.95	6.0	[illegible]	[illegible]	58.41	68.33	-1.8	[illegible]	[illegible]	68.91	[illegible]	59.01	63.53	[illegible]	59.22	62.00
Norway [illegible]	207.77	15.7	[illegible]	[illegible]	[illegible]	193.48	5.5	1.71	[illegible]	199.64	131.80	[illegible]	[illegible]	[illegible]	165.52	172.74
Singapore (44)	360.25	-2.0	[illegible]	228.37	292.46	[illegible]	-8.6	[illegible]	[illegible]	342.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] (59)	302.82	[illegible]	[illegible]	[illegible]	[illegible]	300.16	19.8	2.09	303.23	[illegible]	191.17	243.75	[illegible]	[illegible]	[illegible]	[illegible]
Spain (42)	[illegible]	[illegible]	[illegible]	90.96	[illegible]	141.37	[illegible]	[illegible]	[illegible]	137.02	90.46	[illegible]	140.12	155.79	128.66	138.69
[illegible] (36)	223.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.7	[illegible]	221.18	211.22	[illegible]	[illegible]	[illegible]	[illegible]	175.83	181.24
[illegible]	161.10	[illegible]	154.89	102.13	[illegible]	[illegible]	-10.8	[illegible]	161.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	135.46	135.96
[illegible] Kingdom (204)	205.20	0.1	[illegible]	[illegible]	[illegible]	[illegible]	-4.0	3.85	[illegible]	[illegible]	[illegible]	164.63	195.56	214.96	181.11	189.10
[illegible]	193.34	[illegible]	185.89	[illegible]	156.95	193.34	1.8	[illegible]	191.15	182.53	120.51	153.65	191.15	[illegible]	178.95	166.56
EUROPE (718)	175.77	[illegible]	168.99	111.42	142.69	[illegible]	-4.2	2.94	[illegible]	167.85	[illegible]	141.29	[illegible]	[illegible]	153.99	[illegible]
Nordic (116)	217.60	[illegible]	209.21	137.94	176.64	[illegible]	[illegible]	1.40	217.84	206.02	137.33	175.11	209.92	[illegible]	[illegible]	[illegible]
Pacific Basin (746)	171.97	[illegible]	[illegible]	[illegible]	139.61	113.75	7.5	[illegible]	[illegible]	164.88	108.85	[illegible]	113.68	178.86	134.79	[illegible]
Euro-Pacific (1466)	173.45	[illegible]	[illegible]	[illegible]	[illegible]	131.34	[illegible]	[illegible]	173.84	168.01	[illegible]	[illegible]	[illegible]	[illegible]	143.88	161.42
North America (822)	189.65	[illegible]	[illegible]	120.22	[illegible]	[illegible]	[illegible]	[illegible]	197.47	[illegible]	[illegible]	150.70	187.03	192.73	[illegible]	[illegible]
Europe Ex. UK (514)	156.30	5.9	150.27	99.08	[illegible]	[illegible]	-4.9	2.39	[illegible]	[illegible]	[illegible]	[illegible]	134.34	158.12	134.97	136.56
Pacific Ex. Japan (279)	260.69	-9.1	[illegible]	165.25	211.63	231.64	-13.2	[illegible]	260.91	249.16	[illegible]	209.74	231.87	296.21	200.13	207.86
World Ex. US (1647)	175.04	[illegible]	[illegible]	110.96	142.10	135.11	2.5	1.88	175.40	167.49	[illegible]	140.99	134.60	178.37	145.68	169.62
[illegible] Ex. UK (1961)	177.63	8.4	[illegible]	[illegible]	144.20	[illegible]	2.9	[illegible]	177.14	169.16	111.68	142.40	147.94	179.02	155.96	169.19
World Ex. So. Af. (2106)	179.30	[illegible]	[illegible]	113.66	[illegible]	[illegible]	2.0	[illegible]	[illegible]	170.75	112.78	143.73	151.07	179.50	158.54	168.14
World Ex. Japan (1696)	181.26	1.9	[illegible]	[illegible]	[illegible]	182.45	-1.3	2.81	180.16	181.58	[illegible]	152.88	180.86	195.20	174.04	176.06
The World Index (2165)	180.08	7.8	173.12	114.15	[illegible]	153.17	2.2	2.20	[illegible]	171.49	113.21	144.38	[illegible]	[illegible]	[illegible]	168.21

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Base values: Dec 31, 1986 = 100; Finland: Dec 31, [illegible] = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); [illegible] 30, 1986 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
Constituent changes during the week ending 26/8/94: Deletion: Dreyfus Corp. (USA). Share fraction change: Irish Life [illegible] 1.0.

The Emerging Investor / Tony Walker

Credit squeeze leaves China lower

After a burst of activity earlier this month, which sent share prices rocketing, [illegible] fledgling stock markets have slid back under the weight of negative economic news and poor interim results for listed companies.

Shanghai's B-share index for foreign investors is down by about [illegible] from its month's high, finishing last [illegible] at 77.71. [illegible] for local investors have [illegible] slipped.

Foreign brokers say that a credit [illegible], imposed last year to calm an overheating economy, is continuing to have a negative impact on company earnings, and circumstances seem unlikely [illegible] improve in the short term.

Government anti-inflation efforts were set back by a jump in retail prices in July after the rate [illegible] price [illegible] to [illegible] slowing. Another worrying development was a leap in capital spending in July, in spite of government attempts to restrain [illegible]ment in fixed assets as part [illegible] its anti-inflation strategy.

While sentiment among foreign investors had improved in recent months, poor results for the six months to June, [illegible] with [illegible] the economy, are certain to be giving fund [illegible] for thought.

In Shanghai, Mr Paul Vibert, an analyst at Baring Securities, said the outlook was still very shaky.

The B-share index – [illegible] are denominated in yuan but are [illegible] in US and Hong Kong [illegible] – had picked itself off the floor, after falling by about 40 per cent this year. It is now down by about 22 per cent for the year.

Brokers had expected [illegible] to recover [illegible] ground by the end of 1994, the index finishing [illegible] where it began the year. This now seems difficult in the light [illegible] performances by many of the 28 listed B-share companies.

Earnings, even allowing [illegible] excessively optimistic revenue projections for newly-listed stocks, [illegible] little short [illegible] disastrous with a couple of notable exceptions, including Pilkington Glass, [illegible] performances matched expectations.

At [illegible] half the B-share companies [illegible] targets, and in a number of cases, such as Forever Bicycle, earnings were much less than forecast. The worst performing sectors were textile machinery [illegible] other light [illegible] equipment.

[illegible] problems with "triangular debt" – the inability of [illegible] faltering enterprise to pay another for goods and services – have almost certainly [illegible]tributed to the poor results.

Underlining a slowdown after this month's almost frenzied burst of activity, with the A-share index more than doubling after [illegible] to [illegible] a collapsing market, [illegible] trading volumes. Last [illegible] volume was down to [illegible] and [illegible] compared with a daily turnover of Yn10-12bn two [illegible] ago. In the [illegible] a tricky period [illegible] for the government economically, with pressures intensifying [illegible] stronger [illegible] inflation, [illegible] activity [illegible] likely to continue to be subdued.

But brokers believe a meltdown [illegible] to [illegible] year's when disappointed local [illegible] the market, [illegible] unlikely, especially if the [illegible] to [illegible] credit to securities houses and [illegible] on new listings. Heavy buying by local institutions is believed to have been behind the recent surge in A-shares.

"The A-share market appears to be consolidating a little bit," said Mr Vibert. "Local investors appear to have regained confidence."

For the B-share market, the picture is [illegible] that external factors are almost as important [illegible] developments. The [illegible] performance [illegible] Hong Kong-listed [illegible] companies, [illegible] H-shares, has a direct bearing on the demand for B-shares.

The perception [illegible] investments is also being guided by the reception given to a dribble of Chinese listings in New York. The initial reaction could at best be described as wary.

Both the A and B [illegible] are continuing to be bedevilled by confusion over the regula[illegible] China's [illegible]. The [illegible] Regulatory [illegible] is nominally in charge, but other bodies such as the People's Bank of China, [illegible] central bank, and State Council, the cabinet, are also involved. Co-ordination is poor.

In the absence of a securities law, defining regulatory responsibilities, uncertainty prevails.

Ten best performing stocks

Stock	Country	[illegible]	Week on week change $	%
TPI Polene	[illegible]	[illegible]	[illegible]	[illegible]
HM Sampoerna	[illegible]	[illegible]	[illegible]	[illegible]
Daewoo Heavy Industries	S.Korea	18.7087	2.4071	14.77
Ege Biracilik	Turkey	3.6254	0.4472	14.07
Vitro	Mexico	7.7115	[illegible]	[illegible]
Investimentos Itau (Pfd)	Brazil	0.6532	0.0709	12.17
Companhia Suzano (Pfd)	Brazil	[illegible]	[illegible]	11.72
Banco Frances	Argentina	[illegible]	[illegible]	11.62
[illegible] Surya [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eletrobras	Brazil	[illegible]	[illegible]	11.37

Source: Baring Securities

Lebanon attempts to rebuild markets as interest returns

International finance houses are gearing up for business in Lebanon as the country's [illegible] struction programme gets under way, writes [illegible] Whittington, recently in Beirut.

French, British and American merchant banks are looking at its prospects as a regional capital markets centre in the Middle East.

French banks which include Crédit Lyonnais, Paribas and Banque Nationale de Paris Internationale are well established with offices in Beirut. The London-based Robert Fleming will join them, together with Merrill Lynch of the US, with a regional office in the city by the end of [illegible] year. Baring Securities of the UK has just published a book on Lebanon and a British Invisibles delegation will be visiting Lebanon in October.

The stock market is still in its infancy. There is only one [illegible], a $2.5bn property-development company set-up to rebuild the centre of Beirut. Trading in its two classes of shares began at the end of June, but less than half have so far been distributed. [illegible] fuelled a price rise of more than 50 per cent.

The market is waiting for the rest of the A shares, which are being allocated to the owners of land and property rights of the land earmarked for development, to come on to the market by the end of the year.

B shares, issued through a $650m subscription earlier this year, was oversubscribed by 42 per cent. The shares are restricted to Arab nationals and property holders.

Paribas, however, has won approval to buy a stake on the basis of its having had an office in the city centre before the war. The bank is issuing warrants, open to all investors, on its holding.

It may be some time before a fully-fledged stock market is set up. A committee has just been appointed to draw up its regulations and there are only a few companies ready for listing.

However brokers in London believe the potential is huge in terms of privatisations, and giving assistance to publicly and family-owned companies which want to raise capital.

News round-up

Mexico

Mexico's stockmarket rose a modest 2.4 per cent last week following the ruling party's easy win in Sunday's presidential election, although the peso unexpectedly weakened against the dollar, *writes Damian Fraser in Mexico City.*

The market reaction was limited largely because investors had already discounted the victory [illegible] Mr Ernesto Zedillo. The leftist opposition's decision to denounce the election as fraudulent and to hold a protest rally on Saturday in Mexico City, while expected, appears to have made some investors nervous.

After strengthening sharply the day after the election, [illegible] peso weakened in the [illegible] half of the week after the central bank moved its informal intervention limit up to 3.25 pesos to the dollar to prevent a sudden appreciation of the currency.

Hungary

A committee studying Hungary's new privatisation strategy, in an effort to streamline and speed up the process, will present its proposal to the government early next month. The proposal will include th[illegible] decentralisation of decision making, allowing managers of smaller companies to arrange their sale.

The commi[illegible]ee, representing members of political parties and independent experts, will also recommend combining several companies in equity funds, which would be offered for sale.

Slovenia

Pivovarna Lasko, the country's [illegible] brewery, which has about 50 per cent of the beer market, is to offer about half of the brewery for sale in a flotation likely [illegible] start in late September, *Reuter reports.*

Sri Lanka

A Sri Lankan treasury official has dismissed reports that the new People's Alliance (PA) government will cancel the proposed sale of th[illegible] state-owned Ceylon Steel Corporation.

● Emerging markets coverage appears daily on the World Stock Markets page

CURRENCIES | Philip Gawith

Market watches Bundesbank council

Foreign exchanges will [illegible] this week on Thursday's Bund[illegible] meeting [illegible] will help investors [illegible] for European interest rates.

The feeling prior to the [illegible] meeting on August 18 [illegible] that the council, if it wanted to cut rates, would [illegible] so [illegible] then. [illegible] week's meeting [illegible] September 1. [illegible] were left unchanged after [illegible].

Elsewhere, the dollar will be closely watched. Last Friday it rose sharply [illegible] a rally in [illegible] market, helped by reports that short-term, speculative [illegible] might have started buying the currency. But most analysts continue [illegible] dollar remains subject [illegible] trend.

The [illegible] will [illegible] short of data, [illegible] scheduled. [illegible] important will [illegible] the non-farm payroll, which [illegible] on Friday, but Mr [illegible] Munro, chief US economist [illegible] High Frequency Economics in New York, [illegible] the "hot button" statistics [illegible] inflation [illegible] retail sales, which come [illegible].

Although [illegible] expecta[illegible] a fairly [illegible] payroll number, the inflation [illegible] have [illegible] potential [illegible] the bond market, and [illegible] dollar. [illegible] analysts [illegible] predicting [illegible] they will [illegible] price [illegible] rising, as [illegible] output gap closes.

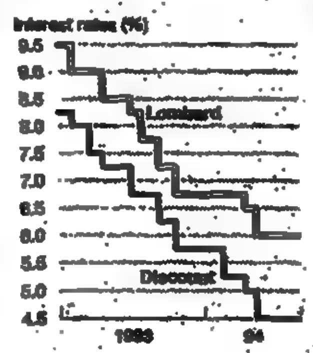
Expectations of a further cut in German [illegible] damp[illegible] recently, following [illegible] from senior Bundesbank officials.

Analysts at IBJ International in London, commented: "Although domestic factors should ensure inflation continues to decelerate along [illegible] monetary growth, [illegible] arguments in [illegible] of a [illegible] per [illegible] Discount rate are finely bal[illegible] against the economy's surprisingly buoyant [illegible]ery...the [illegible] to avoid [illegible] to election [illegible] disturbing, early noises ahead of [illegible] next [illegible] round."

The [illegible] will [illegible] important ramifica[illegible] other European currencies. If the perception takes [illegible] German rates [illegible] bottomed, [illegible] will [illegible] more [illegible] other [illegible]pean countries to cut rates and will lend support to the D-Mark.

In [illegible] UK, traders will [illegible] Wednesday's purchasing managers' index for signs [illegible] cost pressures in the economy. Opinion is sharply split [illegible] to [illegible] rates should [illegible] left untouched, or [illegible] the Bank [illegible] moving too slowly [illegible] inflation.

[illegible] rates [illegible] probably help sterling, but for the [illegible] being the currency's fate [illegible] to lie in the hands of the dollar.



Source: FT Graphite

Baring Securities emerging markets indices

Index	26/8/94	Week on week movement Actual	Week on week movement Percent	Month on month movement Actual	Month on month movement Percent	Year to date movement Actual	Year to date movement Percent
World (288)	185.39	+3.60	+1.98	+26.08	+16.37	+16.98	+10.08
Latin America							
Argentina (20)	113.91	+2.89	+2.60	+9.32	+8.91	-1.47	-1.27
Brazil (22)	242.01	+14.87	+6.45	+86.65	+38.01	+102.36	+73.29
Chile (12)	196.70	+4.93	+2.57	+19.34	+10.91	+49.16	+33.32
Mexico (26)	159.35	+4.14	+2.67	+25.28	+18.85	-1.91	-1.19
Peru(16)	720.99	+23.55	+3.38	+32.84	+4.77	+144.90	+25.15
Latin America (96)	178.80	+6.83	+3.97	+32.57	+22.27	+29.55	+19.80
Europe							
Greece (13)	84.52	-2.43	-2.79	+3.17	+3.90	+1.43	+1.72
Portugal (16)	121.69	-0.45	-0.37	+11.62	+10.56	+9.56	[illegible]
Turkey (20)	88.77	-4.00	-4.32	+10.91	+14.01	-72.94	-45.10
Europe (49)	101.89	-1.83	-1.76	+8.52	+9.12	-10.34	[illegible]
Asia							
Indonesia (22)	152.76	+2.16	+1.43	+12.98	+9.27	-18.26	-10.68
Korea (23)	138.35	+1.52	+1.11	+10.61	+8.30	+28.65	+26.12
Malaysia (23)	237.68	-6.01	-2.47	+25.66	+12.09	-15.37	[illegible]
Pakistan (10)	111.87	-0.48	-0.43	+0.57	+0.52	+0.18	+0.16
Philippines (11)	302.55	+4.26	+1.43	+32.88	+12.19	-19.90	-6.17
Thailand (24)	258.28	-3.96	-1.51	+24.23	+10.35	-5.27	-2.00
Taiwan (30)	172.85	+4.52	+2.69	+1.94	+1.13	+19.14	+12.45
Asia (143)	221.01	-1.18	-0.53	+18.30	+8.03	-0.41	-0.18

All indices in $ terms, January 7th 1988=100. Source: Baring Securities

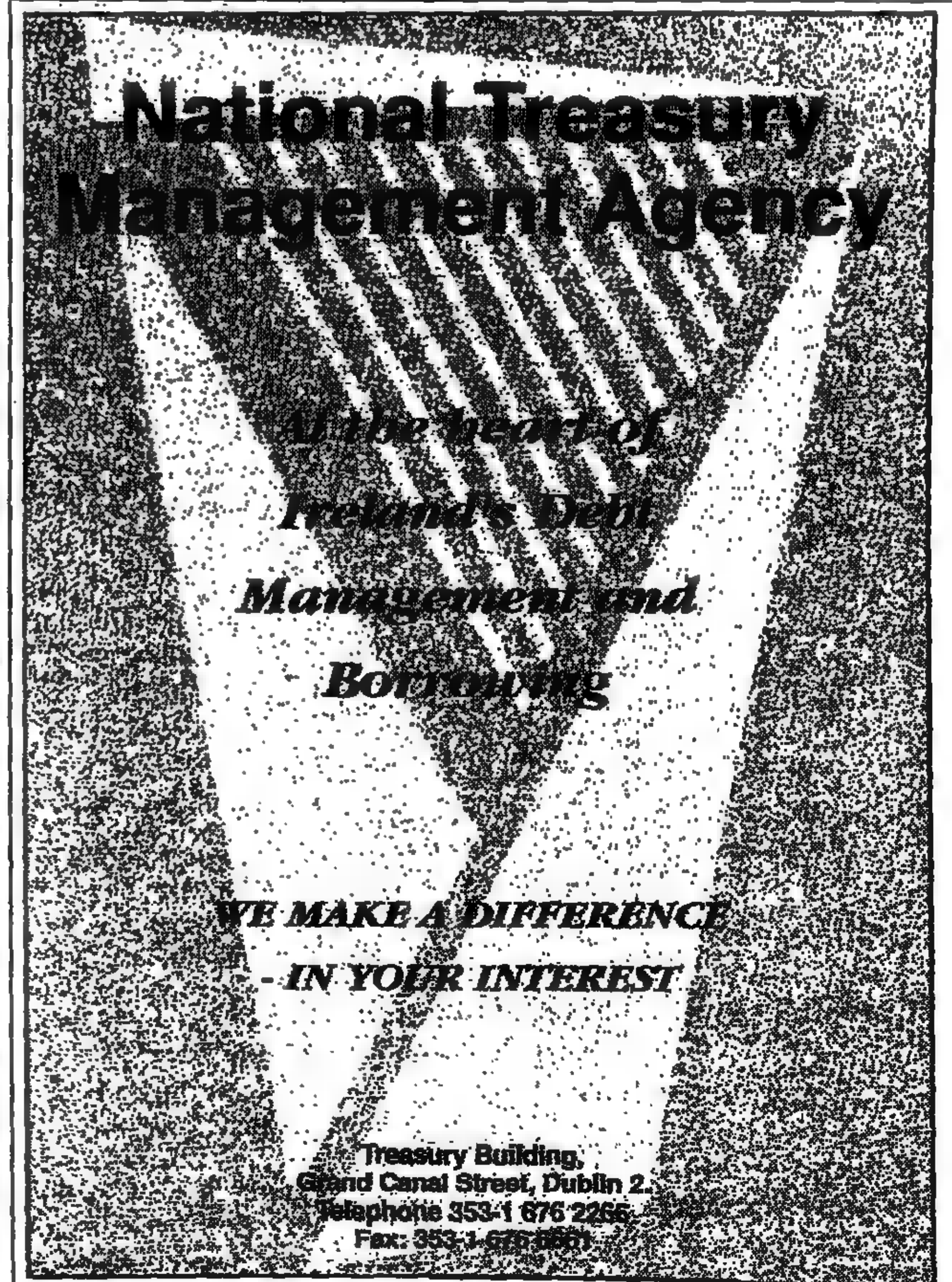
FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, August 26, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	[illegible]	2621.09	[illegible]	[illegible]
[illegible]	(Lek)	[illegible]	[illegible]	64.561	100.88
[illegible]	(Dinar)	89.2718	38.4382	[illegible]	[illegible]
Andorra	(Fr Fr)	8.2506	5.3505	3.4266	[illegible]
	(Sp Peseta)	[illegible]	130.046	83.2839	[illegible]
Gambia	(Dalasi)	15.0787	9.7788	[illegible]	9.7514
Germany	(D-Mark)	2.4078	1.5614	1	1.5671
Gibraltar	(Gib £)	[illegible]	[illegible]	0.4153	0.6467
[illegible]	(Drachma)	[illegible]	[illegible]	151.836	[illegible]
Pakistan	(Pak. Rupee)	[illegible]	30.8864	[illegible]	[illegible]
Papua New Guinea	[illegible]	1.4160	0.9189	[illegible]	[illegible]
Paraguay	(Guarani)	2794.30	1812.57	1160.81	[illegible]
[illegible]	(New Sol)	[illegible]	2.2420	1.4364	2.2366
Philippines	[illegible]	[illegible]	26.4741	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Special Drawing Rights August 25, 1994 United Kingdom [illegible] United States [illegible] Germany [illegible] Japan [illegible]

[illegible] Friday, August 26, 1994



WORLD BOND MARKETS: This Week

NEW YORK
Patrick Harverson

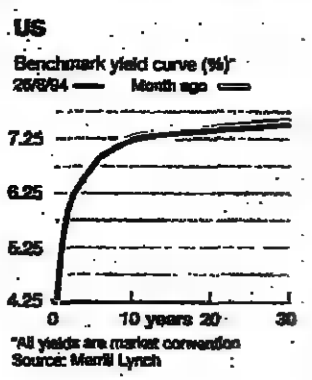
Whether the bond market will be able to sustain the upward momentum of the past few trading sessions will depend upon how investors react to the economic data due this week.

The most important statistic is the monthly employment data, due on Friday. Wall Street [illegible] the rate of jobs growth to have dropped in August. The consensus of forecasts is for a rise in non-farm payrolls of 225,000, below the 259[illegible] increase in July and the average monthly increase of 279,000 recorded for the year to date. Little change is expected in the national unemployment rate, which stood at 6.1 per cent last month.

If the jobs figures come in at, or below, market forecasts, the bond market could be set for a prolonged period of stability, with a slight bias towards higher prices.

Any signs of strength, however, and fears of another interest rate increase by the Federal Reserve will be revived, and last week's gains could dissipate quickly.

The July personal income and expenditure, leading indicators and manufacturing orders data are not expected to cause many ripples. However, the August consumer confidence report from the Conference Board could cause trouble if analysts' predictions that consumer confidence rose only slightly this month prove off the mark.



*All yields are market convention
Source: Merrill Lynch

LONDON
Philip Coggan

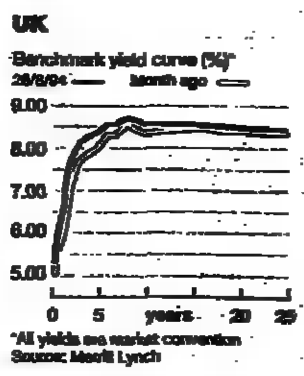
A quiet week for economic [illegible]stics, combined with [illegible]y's August bank holiday, may allow gilts to hang on to their recent gains.

Gilt prices held up last week, in spite of the rather disappointing price information in the Confederation of British Industry's August monthly trends survey, published on Friday. According to Mr Simon Briscoe, UK economist at S. G. Warburg Securities, the spread between 10-year gilts and German bunds has narrowed to less than 150 basis points, compared with 180 points a few weeks ago.

This week, the gilt market's only statistical point of interest is likely to be Wednesday's purchasing managers' index, where the prices component will be closely studied. Recent purchasing managers' numbers have shown sharp growth in price pressures, and the prices index reached a [illegible]rd high in July.

Towards the end of the week, the focus is likely to shift towards the next monthly monetary meeting between Mr Kenneth Clarke, chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England, on September 7.

Speculation will inevitably centre on [illegible] the two will agree to an early base rate rise. However, in the wake of the recent retail price numbers, most analysts feel an interest rate [illegible] will not occur until November.



*All yields are market convention
Source: Merrill Lynch

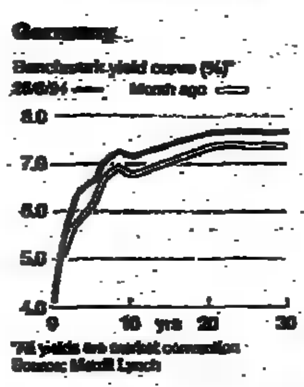
FRANKFURT
Christopher Parkes

The Bundesbank's "interest rates horizon" – which Mr Hans Tietmeyer, the bank's president, described in May as "clear for some time" – is beginning to look a long way away. There is a growing consensus among Frankfurt economists that the next discount rate change is unlikely to come until after the federal elections in October.

There are even suspicions that nothing will happen until early in the new year. Although much depends on the inflationary heating effect of the economic recovery and the signals from the 1995 wages negotiations, which should be well under way by then, the move might even be upwards.

Figures issued last week showed west German inflation nudging back up to 3 per cent last month. Although Mr Otmar Issing, the central bank's chief [illegible] and Mr Tietmeyer's favoured mouthpiece, was promptly wheeled out to say that [illegible] a temporary blip, the reversal of the downtrend acted as a reminder that prices and inflationary expectations still need careful watching.

Much of the impetus behind the German cost-of-living index is still coming from housing costs, and although the bank has said this is a non-inflationary result of supply's failure to meet demand, wage earners are more likely to see it as a drain on thinning incomes and raise their pay demands accordingly.



*All yields are market convention
Source: Merrill Lynch

TOKYO
Emiko Terazono

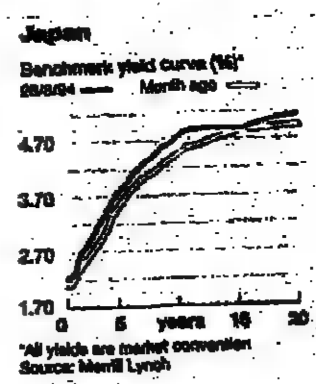
The rise in short-term rates hurt the Japanese government bond last week, and the yield on the No 164 10-year benchmark closed up 11.5 basis points at 4.685 per cent.

With institutional investors taking profits ahead of the September book closing, a further rise in yields is likely, while further indications of economic recovery are also expected to hurt the bond market.

This week, the July industrial production figures, released Wednesday, are expected show a stronger performance than the original government projection, due to demand spurred by the hot summer weather.

However, Salomon Brothers in Tokyo sees the technical factor – book-closing manoeuvres – and the seasonal rise in yields in the summer wearing off in the near term. As investors turn their attention to economic fundamentals, the compound yield on the benchmark will move back towards 4.[illegible] per cent, says the broker.

The argument against higher long-term yields in the near future is that inflation remains low and private machinery orders are below the troughs of the previous two economic cycles. Worries over extra bond supply and the rise in US bond yields seem overdone, due to the lack of correlation of such factors with Japanese government bond yields in the past.



*All yields are market convention
Source: Merrill Lynch

Capital & Credit / Tracy Corrigan

Clearing the way for a rally in gilts

While other government bond markets remain beset by inflationary fears and interest rate uncertainty, sentiment in the gilts market has turned more positive, with many analysts calling for a modest rally in the fourth quarter.

[illegible] week, [illegible] example, [illegible] Benson cut its 10-year gilt yield projection for [illegible] year [illegible] from [illegible] per [illegible] [illegible] per cent, [illegible] level [illegible] which [illegible] gilt [illegible].

The main reasons for the more upbeat [illegible] better-than-expected inflation outlook, and [illegible] Bank of England's more [illegible] funding position.

The latest inflation [illegible] for July [illegible] the underlying rate, excluding mortgages, [illegible] hit a 27-year low, in spite of the fact [illegible] UK [illegible] in [illegible] ninth quarter [illegible] growth.

The small [illegible] in unit [illegible] in particular "paves [illegible] very low RPI inflation [illegible] during the next [illegible] months," according to Mr Julian Callow, European economist [illegible] Kleinwort Benson.

However, Mr Callow [illegible] cedes "the market will remain fearful of [illegible] sudden up-tick in British inflation" and "continue to demand a high yield relative to inflation".

Meanwhile, the funding pressures on the Bank of England have been subsiding.

If the official forecast of a £36bn public sector borrowing requirement is maintained, the Bank needs to sell £2.5bn of gilts [illegible] month for the rest of the [illegible].

However, analysts now expect that [illegible] PSBR [illegible] in lower, [illegible] reducing [illegible] of monthly auctions [illegible] a relatively modest £2bn.

Technically, the gilts market could benefit from a favourable [illegible] carry, which [illegible] that holders of gilts can earn an attractive margin by funding their positions at the short end of the market, because of the large differential [illegible] short and long-term rates.

However, although [illegible] spread [illegible] 10-year gilts and bunds has narrowed to about 150 basis points, the gilts market has yet to show any sign of a sustained rally.

"You won't [illegible] prices, but the [illegible] distinctly improved," [illegible] Mr [illegible] Shepperd, [illegible] economist at [illegible] International.

"The drag [illegible] thin trading [illegible] holiday period and [illegible] about [illegible] European [illegible] markets."

The bearish conditions afflicting [illegible] world's bond markets will hold back potential gains in the gilts market: if economists have learnt one lesson this year, it is that economic fundamentals do not necessarily outweigh strong market trends.

In [illegible] their concern [illegible] world's [illegible] markets, [illegible] are [illegible] nervous [illegible] currency. "International investors have years of history of being burnt by sterling, and seeing sterling weakness doesn't help," says Mr Shepperd.

The pound's weakness has also [illegible] uncertainty about the timing of an interest rate hike, although many analysts still believe that tightening will not start until next year.

[illegible] analysts, though, remain cautious, noting [illegible] 10-year yields have already fallen below [illegible] per cent [illegible] warning [illegible] hopes [illegible] spate of data.

"I [illegible] attaching a bit too much importance to the latest inflation statistics," says Mr David Miles, senior UK economist at Merrill Lynch, who expects a rate hike before year-end.

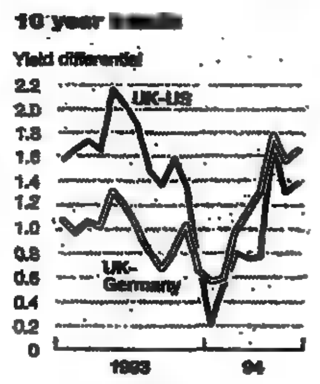
Nevertheless, there is a growing expectation that gilts will outperform other bond markets in the final quarter of 1994.

"We have been warming up to the gilt market over the last couple of weeks and have done some switching from German bonds to gilts in our global bond portfolios," says Mr Nick Henderson, head of fixed interest at Gartmore Investment Management.

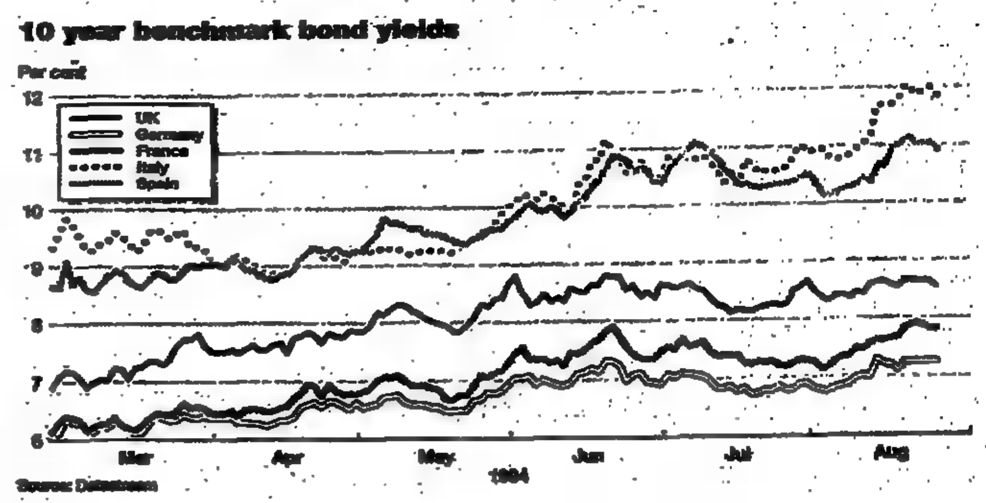
"This is partly to close off a negative posture – but so far this year German government bonds have outperformed gilts by about 13 per cent and we feel that it is time to switch back [to gilts]."

So when is a rally likely? One possible spur is the Budget, due to be presented on November 29, which is widely expected to be positive for the gilts market.

How far ahead of the Budget – if at all – the market will start discounting any good news is harder to call.



Source: Datastream



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	4.00	1.75	4.50	6.40*	7.50	5.25§
Overnight	4.69	2.13	4.75	5.25	7.87	5.00
Three month	4.65	2.31	4.86	5.43	8.59	5.38
One year	5.55	2.65	5.27	6.18	10.28	6.51
Five year	6.84	4.00	6.63	7.38	12.07	8.32
Ten year	7.20	4.65	7.15	7.75	11.87	8.46

(*) France-Repo rate. (§) UK-Base rate. Source: Reuters.

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	102-14	[illegible]	+0-26	[illegible]	102-12	305,650	305,953
Dec	101-21	102-13	[illegible]	102-01	[illegible]	20,783	135,383
Mar	100-30	101-22	[illegible]	102-02	[illegible]	190	6,871

Prices for electricity determined for the [illegible] of the electricity pooling and [illegible] arrangements in England and Wales.

[illegible] Prices for Trading on 28.08.94 / First [illegible] for Trading [illegible]

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
[illegible]	9.57	9.61	9.61
[illegible]	9.53	9.57	9.57
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.50	9.50
[illegible]	9.50	9.55	9.55
[illegible]	9.50	9.55	9.55
[illegible]	9.53	9.57	9.57
[illegible]	9.60	9.58	9.58
[illegible]	11.12	10.05	10.05
[illegible]	11.90	11.69	13.77
[illegible]	11.90	14.48	16.66
1000	14.61	14.48	16.66
1030	17.50	17.32	19.50
1100	17.50	18.94	22.12
1130	22.28	18.94	22.12
1200	22.28	31.71	36.60
1230	23.32	31.71	36.29
1300	23.32	31.71	35.59
1330	23.32	31.71	35.59
1400	14.66	17.21	19.59
1430	12.54	13.65	15.84
1500	11.93	13.66	15.64
1530	10.66	12.84	15.64
1600	10.66	10.40	10.40
1630	11.93	10.40	10.40
1700	14.66	13.66	15.84
1730	14.66	14.48	16.66
1800	14.66	14.48	16.66
1830	14.66	14.48	16.66
1900	14.66	14.48	16.66
1930	21.71	13.66	15.84
2000	14.66	13.66	15.84
2030	21.71	13.66	15.84
2100	25.50	14.48	16.66
2130	25.50	25.91	28.05
[illegible]	23.60	25.91	28.05
[illegible]	21.71	25.81	28.05
[illegible]	17.97	21.66	23.53
[illegible]	14.66	18.74	20.91
2400	10.66	10.40	10.40

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Prices for Trading on 29.08.94 / First Prices for Trading on 01.09.94

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.50	9.60	9.60
0100	9.50	9.57	9.57
0130	9.53	9.57	9.57
0200	9.53	9.57	9.57
0230	9.53	9.57	9.57
0300	9.53	9.57	9.57
0330	9.53	9.57	9.57
0400	9.53	9.57	9.57
0430	9.53	9.57	9.57
0500	9.53	9.57	9.57
0530	9.57	9.57	9.57
0600	9.57	9.57	9.57
0630	9.57	9.58	9.58
0700	9.57	9.80	9.80
0730	9.80	20.94	23.51
0800	11.41	[illegible]	19.25
0830	14.12	[illegible]	20.00
0900	14.48	[illegible]	21.50
0930	16.06	17.40	20.19
1000	17.20	21.64	24.44
1030	22.09	21.65	24.45
1100	23.09	20.92	23.71
1130	17.82	20.92	23.72
1200	23.09	21.67	24.47
1230	23.09	36.36	39.16
1300	23.09	36.33	39.13
1330	17.82	20.87	23.66
1400	15.06	19.24	22.02
1430	15.06	19.29	22.01
1500	15.06	19.29	22.01
1530	10.60	19.29	22.00
1600	10.60	19.29	22.01
1630	15.06	21.57	24.35
1700	15.06	34.34	37.12
1730	17.80	34.34	37.12
1800	17.80	34.33	37.11
1830	17.80	19.00	21.77
1900	15.06	17.35	20.12
1930	15.06	17.22	19.99
2000	11.00	16.48	19.25
2030	17.80	16.48	19.25
2100	31.13	16.48	19.25
2130	31.13	31.12	33.89
2200	31.13	31.12	33.89
2230	23.32	31.12	33.89
2300	18.72	21.27	24.05
2330	18.72	18.48	19.25
2400	11.41	18.28	18.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.6648/MWh becomes 1.666p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-[illegible] between 8.30am and 5.15pm Monday to Friday.
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International / Antonia Sharpe

Retail investors board Coupon Express

It must be difficult to get a seat on the "Coupon Express" from Brussels to Luxembourg, if the recent flood of Luxembourg franc eurobond issuance is anything to go by.

The train, which leaves the Belgian capital in the morning and arrives in the Grand Duchy a few hours later, is a favoured route for wealthy Belgians whenever they need to attend to their financial affairs.

After a good lunch at one of Luxembourg's many restaurants, they can pay a quick visit to their bank to buy some more bonds or cash their coupons and be back in Brussels by the evening without the Belgian tax inspector being any the wiser.

Although in recent years, the eurobond market has become more geared to the institutional investor with the evolution of large global bond issues, the Luxembourg franc sector is one of the few remaining bastions of the old-style retail investors which prosper in the Benelux region.

Mr Frank Reinert, senior manager of origination and syndication at Banque Internationale à Luxembourg, estimates that about 80 per cent of Luxembourg franc eurobonds are bought by retail investors.

There are two main attractions: the two currencies have long been linked, so the foreign exchange risk is minimal; and, unlike Belgium, Luxembourg does not levy a withholding tax on interest income.

Furthermore, even though there is a liquid primary market in Luxembourg franc eurobonds, there is virtually no secondary market [illegible] bonds are invariably held until maturity, says Mr Tom Ineke, syndicate officer at ABN Amro in Amsterdam. As a result, they rarely react to the volatility which frequently occurs in the secondary market. "This means that they are a pretty safe investment," says Mr Ineke.

In both 1991 and 1992, Luxembourg franc eurobond issuance topped LFr200bn, according to IFR Securities Data. But last year issuance fell to just over LFr150bn as the drop in bond yields to historically low levels prompted investors to switch out of medium to long-dated bonds into bank deposits, money-market [illegible] equities.

"Three-year [illegible] five-year deals had yields below 6 per cent and 10-year bonds just above 6 per cent, and clients did not like that," [illegible] Mr [illegible].

However, since January, the yield on 10-year Belgian government bonds has jumped from just under 6.5 per cent to almost 8.5 per cent.

As a result, [illegible] been moving their cash out of deposit accounts, where they were getting around 4 per cent, back to the long end of the yield curve where the returns are greater.

So far this year, Luxembourg [illegible] eurobond issuance [illegible] just [illegible] LFr190bn, and could rise above the levels reached in the early [illegible] the recent run of offerings continues.

The relatively high redemption [illegible] this [illegible] that subscriptions will remain healthy. According [illegible] Mr [illegible] LFr118bn [illegible] theoretically be re-invested in the market this year.

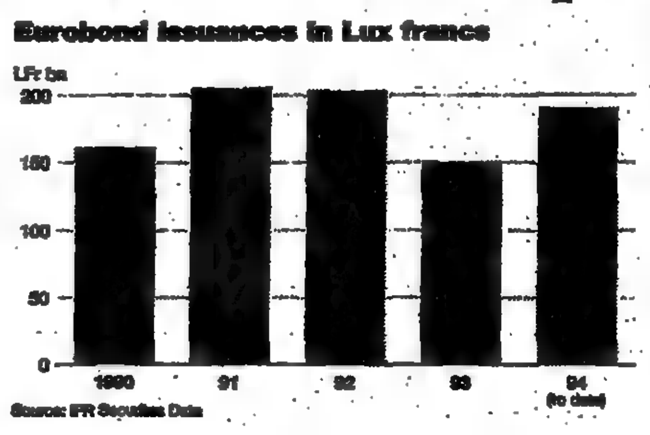
Unlike the rest of the eurobond market, the emphasis in the Luxembourg franc sector is not on the yield differential against the underlying government bonds, but on the coupon or yield. "If you can offer the psychological yield of 7 per cent or 8 per cent, people will buy it," says Mr Ineke.

Meanwhile, borrowers have been keen to tap this market because of the attractive swap opportunities.

The swaps, which are done against the Belgian franc, have enabled issuers with triple-A rating to achieve funding levels of as much as 20 or 30 basis points below Libor in recent weeks.

The renewed activity in the sector has been accompanied by an increase in the size of individual offerings from about LFr500m a few years ago to about LFr5bn. However, syndicate managers believe that this corner of the eurobond market will remain the preserve of the retail investor. It is rare to see anything other than a fixed-rate deal, and the few attempts to diversify into equity-linked or dual-currency transactions have not had much success.

The lack of a Luxembourg franc swap market has also deterred some borrowers. Some Luxembourg banks which underwrite the bonds do not run a swap book, which means that another counterparty has to be brought in to execute this part of the deal. Although these *ménages à trois* have been harmonious so far, such an arrangement could easily end in tears.



Source: IFR Securities Data

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
General Electric Capl.Corp.(a)	150	Jan.1997	6.50	variable	-	-	Kidder Peabody Intl.
Pacaro, HK Branch‡	145	Oct.2001	(f)	100.00	-	-	Sakura Finance Asia
Unibanco, Gd Cayman Branch	60	Sep.1996	10.00§	100.00R	10.00	+375(6¼%-96)	Swiss Bank Corp.
[illegible] A1(k)‡	81	Apr.1997	(k2)	100.00	-	-	CS First Boston
[illegible] A2(k1)‡	1.1bn	Oct.2016	(k3)	100.00	-	-	[illegible]
[illegible] B(k1)‡	42.895	Jul.2024	(k4)	100.00	-	-	[illegible]
Japan Highway Public Corp.	500	Sep.2004	7.625	99.584R	7.680	+32(7¼%-04)	LTCB Intl./Nomura Intl.
YEN							
Weirs Australia Treas.Corp.★	10bn	[illegible]	3.10	100.10R	3.048	-	Daiwa Europe
Export Development Corp.§	20bn	Mar.1995	2.70§	100.07R	-	-	Daiwa Eur./LTCB Intl.
WestLB Finance Curacao	15bn	Sep.2004	4.93	100.00R	4.930	-	Salomon [illegible]
D-MARKS							
Ford Credit Europe	200	Sep.1998	7.125	101.57	6.721	-	[illegible]
Union Bank of Finland(g)‡	150	Sep.1997	(d1)	99.90R	-	-	[illegible]
[illegible]	35	Sep.1999	(s)	99.85	-	-	[illegible]
[illegible] of France	200	Oct.1999	7.00	99.77R	7.056	+25(6¾%-99)	Goldman Sachs & Co.
CANADIAN DOLLARS							
Kingdom of Sweden(g,s)	75	Dec.1999	8.25	99.42R	8.052	+10(7¾%-99)	Daiwa Europe
Toronto Dominion Bk.(Cay.)	[illegible]	Oct.1996	8.375	99.945R	8.422	[illegible]	Toronto Dominion Bank
ITALIAN LIRE							
Rabobank Nederland(g)	[illegible]	[illegible]	11.50	100.635	11.11	-	Swiss Bank [illegible]
General Electric Cpl.Corp.(g)	[illegible]	[illegible]	11.50	[illegible]	[illegible]	-	JP Morgan Securities
Council of Europe	150bn	[illegible]	[illegible]	99.91R	[illegible]	-	Banca di Roma
GUILDERS							
General Electric Capital Corp.	[illegible]	[illegible]	[illegible]	98.77R	[illegible]	[illegible]	[illegible]
Nederlandse Gasunie	[illegible]	[illegible]	[illegible]	99.60R	[illegible]	[illegible]	[illegible]
ECUS							
KfW International Finance(l)	150	Sep.1996	7.75	99.625R	7.863	+57¼[illegible]	BZW
General Electric Capl.Corp.(j)	100	[illegible]	[illegible]	[illegible]	7.861	+8(7¼%-98)	UBS
AUSTRALIAN DOLLARS							
Toyota Motor Credit Corp.	125	Sep.1997	8.50	100.97	8.123	-	Hambros Bank
Deutsche Bank Australia	100	Oct.1999	9.00	101.625	8.587	-	Deutsche Bank London
New Sth.Wales Treas.Corp.★	100	Sep.1997	4.50§	91.537	7.714	-	Nomura International
HONG KONG DOLLARS							
[illegible] Finance [illegible]	1bn	Sep.1999	(a)	100.00R	-	-	Goldman Sachs (Asia)
SWISS FRANCS							
Eurofima	250	Sep.2004	5.50	[illegible]	5.368	-	UBS
Südwestdeutsche L.Bk.	100	Oct.1996	5.25	102.25	4.62	-	Credit Suisse
DSL Bank	100	Oct.1998	5.25	102.00	4.690	-	Banca del Gottardo
SBC Finance Cayman Is.★	180	Sep.1997	5.50	102.36	4.643	-	Swiss Bank Corp.
LUXEMBOURG FRANCS							
[illegible]★	5.5bn	Oct.1998	7.75	102.00	[illegible]	-	Banque UCL
Rabobank Nederland(a,l)	2bn	Dec.1998	7.625	102.10	-	-	[illegible]
Genfinance Luxembourg	2bn	Oct.2000	8.00	[illegible]	7.552	-	[illegible] Paribas Lux.
Crédit Foncier de France	3bn	Oct.2004	8.375	102.00	8.076	-	BIL, Crédit Européen

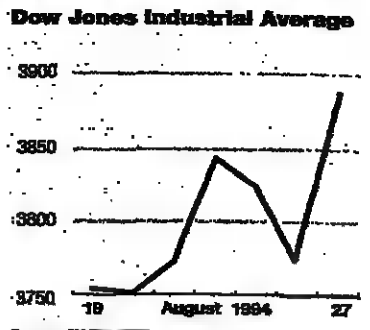
Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. ◊with equity warrants. ★Unlisted. §Semi-annual coupon and yield. R: fixed re-offer price. a) Fungible with $250m. Plus [illegible] days accrued. b) Callable in Sep.96 at [illegible]. c) 3-mth Libor +15bp. c) 3-mth Libor [illegible]. d) 6-mth Hibor +100bp. e) Increased by LFr1bn at 102 to [illegible]. f) [illegible] Libor +125bp. g) Fungible [illegible] from 29/12/94. h) Long last coupon. [illegible] [illegible] relates to French Ecu BT[illegible] Bank One Student Loan Trust. Average life years: 0.81, 4.57 & [illegible] expected maturities: Jul.98, [illegible] & Jul.04 for respective tranches. k1) 10 yr auction rate & [illegible] Libor +7½bp. k3) 1-mth Libor +30bp. k4) 1-mth Libor +67bp. l) Long 1st coupon. m) Increased by L75bn at 101.225% to L225bn. n) Increased by L75bn at 101.565% to L300bn. o) Short 1st coupon. Note: Yields are calculated on ISMA basis.

هكذا من الأصل

EQUITY MARKETS: This Week

NEW YORK — Frank [redacted]

Sanguine mood could linger on into autumn



Source: FT [redacted]

Last Wednesday's surprising 70-point surge by the Dow industrials is still a mystery on Wall Street. Before Friday, when the Dow added [redacted] 51 points, some [redacted] were dismissing the jump as a technical [redacted].

Most notably, a report [redacted] The New York Times traced [redacted] initial burst to the [redacted] of a [redacted] fund manager's options trade. His strategy was said to have triggered what one analyst earlier [redacted] a "panic reflow" of money back into depressed cyclical stocks in the final half-hour of trading.

The plausibility of that explanation hardly seems to matter this morning. Whatever the [redacted] events have sparked what may turn out to be a long upturn in share prices.

It now appears the groundwork was laid earlier in the week, when the market welcomed an announcement by Deere, [redacted] agricultural equipment maker, [redacted] it was lifting its production schedule in response [redacted] higher demand. Later, technology [redacted] sprang to [redacted] when analysts [redacted] encouraging remarks on several companies, and IBM decided to follow Compaq's lead in lowering prices on many of its PCs.

There [redacted] little doubt that investors are entering the final week of the summer with an inclination to [redacted] positive. Four [redacted] seem to be working in their favour: [redacted] up, the dollar [redacted] stabilised, the [redacted] corporate earnings [redacted] improved and the [redacted] trotting along [redacted] manageable pace.

Friday's advance, after [redacted] modest [redacted] the previous [redacted] demonstrated that buyers were not ready to return to the sidelines after just one outing.

Stocks could [redacted] declined, as the Commerce Department announced an upward [redacted] second-quarter economic growth. Instead, investors were relieved [redacted] revision, from 3.7 per cent to 3.8 per cent, fell well short [redacted] expectations.

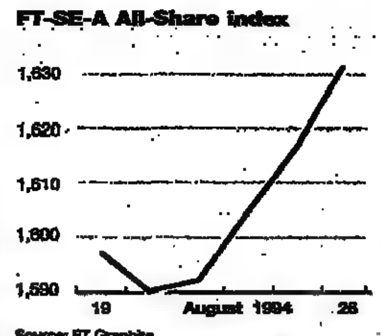
The report also lent credence to the theory that inventories had piled up in the quarter because of soft sales, not stepped-up production. Many analysts [redacted] now [redacted] that [redacted] will [redacted] move [redacted] tighten [redacted] until [redacted].

This week, thin trading conditions in [redacted] run-up [redacted] long [redacted] Day weekend could [redacted] market's movements in either direction. With the monthly cycle of government economic [redacted] under way again, [redacted] volatility is not out of the question.

Nevertheless, most portfolio managers are likely to refrain from making fresh [redacted] release of August employment data on Friday. Economists [redacted] forecasting [redacted] moderate [redacted] in non-farm payrolls [redacted] between [redacted]. If the figure falls in that range, the sanguine mood on Wall Street should carry into [redacted] autumn.

LONDON — [redacted] Byland

Construction stocks come under scrutiny



Source: FT Graphite

The London market has a day of grace today and can stand by to see whether New York and the other leading continental European stock markets are prepared to [redacted] registered ahead of the weekend. The running order on Friday night, when Wall Street was [redacted] 3.3 [redacted] up on the [redacted] London 2.2 per cent, Paris about 3 per cent up and Germany less so, bore out the view taken by London analysts of the latest economic developments.

Relaxation [redacted] interest rate worries in the US following [redacted] mild upwards [redacted] second-quarter economic growth [redacted] been quickly reflected in optimism in the London and [redacted] stock markets, both recently unsettled by renewed rate anxiety. UK market analysts have been able to return their attention to the onward flow of corporate earnings [redacted] S. G. Warburg underpins [redacted] increasingly favourable indication of corporate [redacted] by pointing to the improving margin expectations in manufacturing industry extrapolated from [redacted] economic data on the first and second quarters of the year.

[redacted] base [redacted] have vanished. NatWest Markets reminds clients of the downside aspects of the favourable economic statistics and [redacted] a rise in [redacted] "remains on the cards," perhaps in November. NatWest's view [redacted] domestic inflation [redacted] the monetary [redacted] is in place. Base rates of [redacted] per cent, says NatWest, may be needed to keep inflation at 3 per cent, [redacted].

With economic recovery again the stock market's favourite topic, it is no surprise that analysts are reviewing the housebuilding and construction stocks. Enthusiasm is restrained, with NatWest Securities expressing faith in the UK new housebuilding sector while commenting "contracting remains a mug's game".

The uncertainty bedevilling housebuilders is shown by the underperformance of about 23 per cent against the market over 12 months of George Wimpey, of [redacted] per cent by Berkeley group, [redacted] nearly [redacted] per [redacted] by Bryant Group, all three recommended by [redacted].

Credit Lyonnais Laing, in a heavyweight analysis of the private housebuilding sector, finds it [redacted] to be charitable, believing that negative equity and low inflation will constrain [redacted] firm's own profits model, [redacted] could be 1996 before average price earnings ratios come down to single figures. Lyonnais Laing recommends [redacted] weighting in housebuilding stocks.

However, [redacted] widening institutional portfolios [redacted] share [redacted] approval [redacted] Berkeley and Bryant Group and [redacted] hopes of recovery in Crest Nicholson, Wainhomes and McCarthy and Stone.

International offerings / Conner Middelmann

Privatisations primed for centre stage in Europe

[redacted] the summer lull ends, governments and companies [redacted] preparing [redacted] launch an onslaught [redacted] international equity offerings.

"The market will [redacted] off [redacted] running as soon as September starts – we'll [redacted] issuance back at the [redacted] we had earlier in [redacted] year," [redacted] equity syndicate manager. The impro[redacted] in [redacted] equity markets will improve prospects [redacted] new issues, he [redacted]. Moreover, "there is [redacted] lot of institutional [redacted] waiting [redacted] be invested, [redacted] of which will [redacted] equities".

Some traders are less [redacted]guine, arguing that the weight of supply may put [redacted] issuers and lead managers [redacted] price [redacted] attractively.

Moreover, politics [redacted] in [redacted] European countries. Italy will remain vulnerable [redacted] political shocks [redacted] budget [redacted] resumed, while Sweden, Austria, France and Germany may be [redacted] by [redacted].

In Europe, privatisations are expected to take centre stage. "The corporate sector will have [redacted] manoeuvre around the large privatisa[redacted], which will be [redacted] most important transactions," [redacted] Mr Charles Kirwan-Taylor, managing director of equity capital markets at Barclays [redacted].

However, some [redacted] the market may be overestimating the weight of privatisations [redacted] the remaining four months [redacted] the year. "There [redacted] not [redacted] many deals as [redacted] people expect – many of the large privatisations could occur in 1995," [redacted] Mr John Jensen, managing director, equity capital [redacted] at Merrill Lynch.

In France, the authorities have yet to decide whether their next privatisation candidate [redacted] Renault [redacted] the insurer Assurances [redacted] France. If, [redacted] many expect, [redacted] first, the government has still given little indication as to how much of its 80 per [redacted] stake it wants to sell.

In Germany, dealers are preparing [redacted] the [redacted] sale, co-ordinated by Dresdner Bank, which is expected [redacted] under [redacted] in September.

The [redacted] cloudy in Italy, with [redacted] speculating over the timing of the sale of electricity group Enel, and Stet, the telecommunications [redacted].

Finland's Kemira is expected to sell a $200m equivalent of [redacted] via Merrill Lynch, [redacted] traders continue to wait for the [redacted] Sweden's Nordbanken, which has been held [redacted] by political manoeuvrings.

The eastern [redacted] region, including Greece, Turkey [redacted] Israel, is [redacted] expected to [redacted] supply.

In Greece, the privatisation of telecommunications company [redacted] likely [redacted] be revived. Although [redacted] been [redacted] heavy supply of telecommunication stocks, OTE and other telecoms [redacted] expected to be warmly received. "Telecoms stocks are still generally popular – [redacted] one, they [redacted] predictable; also, although [redacted] more of them around, [redacted] of them still offer above-average growth prospects," [redacted] Mr Kirwan-Taylor.

In Turkey, telecommunications group PTT and other utilities are expected to issue new shares. In Israel, [redacted] will watch for [redacted] Bezek, El Al and [redacted] Chemical sell-offs.

Asia is likely to produce, among others, [redacted] large offering for Indosat, the Indonesian telecoms [redacted] and [redacted] deal [redacted] Taiwan's China Steel, both expected to be led by Merrill Lynch. In India, a rush of new [redacted] clog [redacted] market, making [redacted] successful comeback difficult for VSNL, the large telecoms group. Its $1bn priva[redacted] pulled in May after it failed to get the desired price. "There [redacted] there will [redacted] many small [redacted] market [redacted] get [redacted] chance to consolidate and absorb big deals," [redacted] Mr Kirwan-Taylor.

OTHER MARKETS

FRANKFURT

The market will be preoccupied with the Bundesbank's fortnightly central council meeting on Thursday, the fortunes of the domestic bond market and the Dax index's ability to hold above resistance at 2,100, according to Mr Detlev Klug at B. Metzler in Frankfurt.

However, participants will be keeping [redacted] keen eye on the release on Wednesday of the mid-term report of Daimler-Benz, the automotive, aerospace and industrial group, after shares in Volkswagen, its fellow blue chip, slumped last week on its disappointing progress [redacted].

Brokers will be particularly [redacted] in [redacted] full-year [redacted] second-half forecasts from Daimler after Mr Ferdinand Piech, VW chairman, depressed sentiment last week with his gloomy prediction of stagnant west European car sales this year.

Other companies in the news include Kaufhof, the retailer, which releases mid-term results on Tuesday and Deutsche Bank which is holding an analysts' meeting on Thursday.

MAN, which is expected to report full-year figures this week has warned that the outcome will be below last year's DM213m.

COPENHAGEN

First-half results are expected on Wednesday for Tele Danmark, the large telecommunications group which came to the market with an IPO in April. Merrill Lynch expects few surprises, but says the interim results should be positive with revenue growth of 5 per cent, operating profits up 10 per cent and pre-tax profits lifted by [redacted] restructuring of the balance sheet with the IPO proceeds and reduced pension contributions, up 30 per cent to DKr1.57bn.

Danish companies tend not to pay interim dividends, says the broker, and Tele Danmark is no exception.

STOCKHOLM

A busy week is in store on the corporate results front, starting with first-half figures from Volvo tomorrow. UBS says first-half results have so far matched, or in many cases handsomely beaten, already high expectations. It expects Volvo to continue the trend posting net profits up to SKr8.05bn from SKr380m [redacted] first half of last year.

Few of Sweden's recovering industrial groups are as well positioned as Volvo to benefit from the improving US economy, heavy internal restructuring and product launches, says UBS.

ZURICH

Alusuisse, the aluminium, chemicals and packaging company, is holding [redacted] news conference on 1994 business developments on Tuesday and Ciba, the pharmaceuticals and chemicals group, reports first-half results on Wednesday. Brokers say the two stocks could well provide the market with some positive news, helping to lift some of the gloom cast by the disappointing mid-term results in the banking sector.

SBC and UBS are holding press conferences on Wednesday and Thursday respectively.

TOKYO

Investors will be paying close attention to July industrial production figures, released on Wednesday, *writes Emiko* [redacted]

Although the government's official forecast has been for [redacted] fall in industrial output, private economists expect the rise in demand due to the hot summer and an increase in car sales, to support the figure.

Other events scheduled include the [redacted] of Japan Tobacco's public offering price on Wednesday and Friday's release of August employment figures. However, analysts do not expect the announcements to affect investor confidence unless the [redacted] substantially [redacted] from projections, and the Nikkei index is likely to fluctuate in a narrow band around the 20,500 level.

HONG KONG

China stocks are likely to provide the main focus of trading in Hong Kong next week, with final results due from Maanshan Iron and Steel today and Luoyang Glass tomorrow, *writes Louise Lucas.*

[redacted] Iron and Steel has the biggest capitalisation of the so called H share companies, and Luoyang Glass is a float glass company which listed last month.

The H share sector has been rising for [redacted] month [redacted] half, partially stimulated by the launch of a new H share index, which tracks the performance of the Hong Kong listed China shares, and latterly by some strong corporate results.

Trading is [redacted] expected to be lacklustre, after [redacted] mixed corporate interim results season, although traders will seek arbitrage opportunities ahead of the expiry of the Hang Seng futures on Tuesday. The market is closed today for a public holiday.

Investor activity will also be depressed by the public holiday on Monday.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 26 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Aug 26 / Frs.)

[illegible]

DENMARK (Aug 26 / Kr)

[illegible]

FINLAND (Aug 26 / Mkk)

[illegible]

FRANCE (Aug 26 / Frs.)

[illegible]

GERMANY (Aug 26 / Dm.)

[illegible]

ITALY (Aug 26 / Lire)

[illegible]

NETHERLANDS (Aug 26 / Frs.)

[illegible]

NORWAY (Aug 26 / Kroner)

[illegible]

SPAIN (Aug 26 / Pts.)

[illegible]

SWEDEN (Aug 26 / Kronor)

[illegible]

SWITZERLAND (Aug 26 / Frs.)

[illegible]

PACIFIC

JAPAN (Aug 26 / Yen)

[illegible]

HONG KONG (Aug 26 / H.K.$)

[illegible]

MALAYSIA (Aug 26 / M$)

[illegible]

SINGAPORE (Aug 26 / S$)

[illegible]

AUSTRALIA (Aug 26 / Aust$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Aug 26 / Can $)

4 pm close

[illegible]

MONTREAL (Aug 26 / Can $)

4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Aug 26 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for [illegible] Toronto & Montreal [illegible]. ‡ Dealings suspended, xd Ex dividend, xc Ex scrip issue, xr Ex rights, xa Ex all.

FT FREE ANNUAL REPORTS SERVICE

[illegible]

TOKYO - MOST ACTIVE STOCKS: Friday, August 26, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	4.9m	370	+1	Mitsubishi Hvy	3.2m	780	+2
Sumitomo Mtl	4.5m	339	+9	NKK	3.2m	280	+3
Hino Motors	3.8m	932	-20	Casio Computer	3.1m	1240	+10
Shimizu Corp	3.7m	1010	+27	Topy Inds	2.9m	554	+18
Hitachi	3.6m	966	-5	Minebea	2.6m	875	+70

INDICES

[illegible]

US INDICES

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

TRADING ACTIVITY

[illegible]

STANDARD AND POORS 500 INDEX FUTURES $500 times index

[illegible]

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Aug	2022.0	2067.0	+39.0	2068.0	2017.0	25,200	17,432
Sep	2030.0	2075.0	+39.0	2076.0	2026.0	5,327	31,903
Oct	2039.5	2084.5	+39.0	2059.5	2039.5	-	1,775

Open interest figures for previous day.

** Sat Aug 20: Taiwan Weighted Price 6805.84; Korea Comp Ex 947.06. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ‡ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Aug 26 - 2190.56 +37.10

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ‡ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

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Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh 031-225 1551

	Init Chge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Australasian Gold	6	30.92	30.92	32.89	–	[illegible]
Pacific Basin	6	[illegible]	[illegible]	43.4	–	[illegible]
[illegible]	6	27.21	27.21	[illegible]	–	[illegible]
Global Bond	4	[illegible]	[illegible]	[illegible]	5.83	[illegible]
Pinley Share	[illegible]	33.54	[illegible]	34.43	0.3	[illegible]

Whittingdale Unit Tst Mngmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0462

	Init Chge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Challenger	[illegible]	91.10	91.10	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	107.6	107.6	[illegible]	[illegible]	[illegible]
U.S. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gilt Income	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gilt Growth	4	67.44	67.44	[illegible]	[illegible]	[illegible]
City Reserve	0	62.84	62.84	[illegible]	4.50	[illegible]

Woolwich Unit Trust Managers Ltd (1700)H
2 White Oak Square, Swanley BR8 7AG 081-298 5000

	Init Chge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Stockmarket Fd	5	80.65	80.65	85.82	1.79	[illegible]

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
Int'l Expl Aug 17	793.1	817.8	0.93	40105

Baring Investment Mngmt Ltd
155 Bishopsgate, London EC2M 3XY
071-214 1050 (general enquiries) 071-214 1004 (dealing)
Charitable Funds

	Bid Price	Offer Price	Yield Gross	City-Line
UK Growth & Income	[illegible]	61.34	3.2	44570
Income Plus	[illegible]	[illegible]	7.0	44571

CAF – Charity Money Management
48 Pembury Rd, Tonbridge TN9 2JD 0732 770114

	Bid Price	Offer Price	Yield Gross	City-Line
Balanced Growth	74.59	[illegible]	4.05	47779
Income	57.51	[illegible]	6.75	47780

CIM Unit Trust Managers Ltd

[illegible]

Acuma Life Assurance Ltd
42 Southwark Bridge Road, London SE1 9HE 071 980 3453

	Bid Price	Offer Price	Yield Gross	City-Line
Fixed Interest	184.70	194.42	–	42165
Index Linked Stks	185.45	[illegible]	–	42166
UK Equity/UK Eq Inc	327.73	344.97	–	42160
Sml Cos/UK Eq Grwth	[illegible]	[illegible]	–	42161
Nth American	160.43	[illegible]	–	42164
Far Eastern	[illegible]	512.50	–	42163
European	222.11	[illegible]	–	42162
Managed	[illegible]	[illegible]	–	[illegible]
World Growth	221.17	[illegible]	–	[illegible]
Money	163.65	172.37	–	42167
Pen Fixed Interest	[illegible]	[illegible]	–	42175
Pen Index Lnkd Stks	200.59	211.14	–	42176
Pen UK Eq/UK Eq Inc	[illegible]	[illegible]	–	42170
Pen Sml Cos/UK Eq Grwth	[illegible]	351.40	–	42171
Pen Nth American	157.88	[illegible]	–	42174
Pen Far Eastern	762.41	[illegible]	–	42173
Pen European	[illegible]	[illegible]	–	42172
Pen Managed	[illegible]	[illegible]	–	[illegible]
Pen World Growth	[illegible]	[illegible]	–	[illegible]
Pen Money	205.67	216.70	–	42177

AEGON Life Assurance Co (UK) Ltd
AEGON Hse, Lanark Sq, London E14 9XS 071-538 8800
Life Series 2

	Bid Price	Offer Price	Yield Gross	City-Line
Aggressive Pfolio Fund	169.5	178.4	–	[illegible]
Balanced Pfolio Fund	[illegible]	467.7	–	[illegible]
Cautious Pfolio Fund	163.3	172.9	–	[illegible]
Elite Fund	[illegible]	[illegible]	–	[illegible]
European Fund	165.0	174.7	–	[illegible]
Far East Fund	[illegible]	[illegible]	–	[illegible]
Fixed Interest Fund	[illegible]	[illegible]	–	[illegible]
International Fund	384.6	407.2	–	[illegible]
Money Fund	[illegible]	[illegible]	–	[illegible]
N. American Fund	221.3	[illegible]	–	[illegible]
Property Fund	490.8	519.4	–	[illegible]
UK Equity Fund	[illegible]	615.5	–	[illegible]
[illegible]	[illegible]	91.0	–	[illegible]
[illegible]	111.2	118.2	–	47164
Perpetual Mixed Assets Fd	122.9	130.1	–	47777
Perpetual Mixed Fd	214.4	[illegible]	–	[illegible]
With Profits Fd	136.7	144.8	–	[illegible]

Pension Series 3

[illegible]

Clerical Medical/Fidelity Investments

[illegible]

Friends Provident – Contd.

[illegible]

Lancashire & Yorkshire Assce Society

[illegible]

M & G Life and M & G Pensions – Contd.

[illegible]

Norwich Union Life Insurance Soc. – Contd.

[illegible]

Prudential Individual Life Funds – Contd.

[illegible]

INSURANCES

[illegible]

هكذا في الأصل

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on 071-873 4378.

Scottish Mutual Assurance plc

Sun Alliance Group – Contd.

Century Life International Ltd

MANAGEMENT SERVICES

Capital Trust Financial Management

Chase de Vere PLC

DBS Financial Management Ltd

Lazard Freres Asset Management (CI) Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Coutts & Co Fund Managers Limited

Kleinwort Benson Derivative Products Fd Plc

Kleinwort Benson Capital Mngt (Ireland) Ltd

Morgan Grenfell Emerging Markets Fund Plc

Morgan Grenfell Fixed Income Funds Plc

Gartmore Fund Mngrs Intl Ltd

Scottish Provident Group

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Group

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

هكذا من الأصل

هكذا من الأصل

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Aug 26		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.8980	+0.0003	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Belgium	[illegible]	[illegible]	+0.1393	[illegible]	49.6573	49.4000	[illegible]	[illegible]	[illegible]	0.1	[illegible]	[illegible]	[illegible]
Denmark	(DKr)	[illegible]	+0.0198	[illegible]	[illegible]	[illegible]	[illegible]	-1.0	[illegible]	-1.2	[illegible]	-0.7	[illegible]
Finland	[illegible]	7.8362	-0.0046	272 - 452	[illegible]	7.8000	-	-	-	-	-	-	84.0
France	(FFr)	8.2506	+0.024	[illegible]	8.2542	8.2164	8.2539	-0.5	8.2537	-0.1	8.2135	[illegible]	[illegible]
Germany	[illegible]	[illegible]	+0.0073	[illegible]	2.4089	2.3960	2.409	-0.1	[illegible]	[illegible]	2.3762	1.3	[illegible]
Greece	(Dr)	365.597	+1.601	[illegible]	365.810	363.944	-	-	-	-	-	-	-
Ireland	[illegible]	1.0147	+0.0008	[illegible]	[illegible]	[illegible]	1.0151	-0.5	[illegible]	-0.7	[illegible]	-0.7	[illegible]
Italy	(L)	2442.94	+6.13	213 - 374	2446.66	2433.58	[illegible]	-3.2	2462.54	-3.2	2527.84	-3.5	[illegible]
Luxembourg	(LFr)	[illegible]	+0.1393	[illegible]	[illegible]	[illegible]	[illegible]	0.0	[illegible]	[illegible]	[illegible]	0.4	[illegible]
Netherlands	(Fl)	[illegible]	+0.0084	[illegible]	2.7058	2.6914	[illegible]	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	120.5
Norway	[illegible]	10.5791	+0.0309	[illegible] - 823	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.3	[illegible]	[illegible]	[illegible]
Portugal	(Es)	246.095	+0.87	[illegible]	248.269	244.670	[illegible]	[illegible]	[illegible]	-8.0	-	-	-
Spain	(Pta)	200.531	+0.415	[illegible]	200.740	199.805	[illegible]	-2.9	201.816	-2.6	[illegible]	-2.0	85.8
Sweden	[illegible]	11.8497	+0.0055	[illegible] - 574	[illegible]	[illegible]	11.8712	[illegible]	[illegible]	[illegible]	[illegible]	-2.5	[illegible]
Switzerland	(SFr)	2.0315	+0.0062	[illegible]	[illegible]	[illegible]	2.03	[illegible]	[illegible]	1.2	[illegible]	[illegible]	[illegible]
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	78.9
Ecu	-	1.2652	+0.0046	647 - 657	[illegible]	1.2598	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
SDR†	-	0.942581	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	[illegible]	1.5417	-0.0103	414 - 420	[illegible]	[illegible]	-	-	-	-	-	-	-
Brazil	(R)	[illegible]	-0.0094	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
Canada	[illegible]	[illegible]	-0.0195	121 - 136	2.1399	[illegible]	2.1121	[illegible]	[illegible]	[illegible]	[illegible]	0.0	[illegible]
[illegible] (New Peso)		[illegible]	-0.0029	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
USA	($)	[illegible]	-0.0105	417 - 422	[illegible]	[illegible]	1.5417	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pacific/Middle East/Africa													
Australia	[illegible]	2.0724	-0.0168	[illegible] - 734	[illegible]	2.0713	[illegible]	[illegible]	2.0737	[illegible]	[illegible]	[illegible]	-
Hong Kong	[illegible]	[illegible]	-0.0803	143 - 197	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
India	[illegible]	48.3710	-0.3308	[illegible] - 827	48.9490	48.3593	-	-	-	-	-	-	-
Japan	[illegible]	[illegible]	-0.209	555 - 714	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.9	[illegible]
Malaysia	[illegible]	[illegible]	-0.0239	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
New Zealand	[illegible]	[illegible]	-0.0186	[illegible]	[illegible]	[illegible]	2.8598	-1.6	[illegible]	-1.6	[illegible]	-1.3	-
Philippines	[illegible]	[illegible]	-0.2806	[illegible] - 996	41.0986	40.5467	-	-	-	-	-	-	-
Saudi Arabia	[illegible]	[illegible]	-0.0395	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
Singapore	[illegible]	[illegible]	-0.0163	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
S Africa (Com.)	(R)	[illegible]	-0.0341	224 - 285	5.5935	5.5224	-	-	-	-	-	-	-
S Africa (Fin.)	[illegible]	[illegible]	-0.1024	762 - 093	[illegible]	[illegible]	-	-	-	-	-	-	-
South Korea	[illegible]	[illegible]	-8.86	[illegible]	1251.52	1236.14	-	-	-	-	-	-	-
Taiwan	[illegible]	40.4916	-0.2112	[illegible]	40.5138	40.4696	-	-	-	-	-	-	-
Thailand	(Bt)	38.5025	-0.288	[illegible]	38.5242	38.4808	-	-	-	-	-	-	-

†SDR rate for Aug 25. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 26		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	[illegible]	10.9595	+0.075	570 - 620	[illegible]	[illegible]	[illegible]	[illegible]	10.9593	0.0	10.8845	0.7	104.8
[illegible]	(BFr)	32.1845	+0.3095	700 - 990	32.1990	31.7850	32.2095	-0.9	32.2345	-0.6	32.3595	-0.5	108.1
[illegible]	(DKr)	6.1842	[illegible]	[illegible]	6.1852	[illegible]	6.1907	-1.3	6.2117	-1.8	6.2892	-1.7	104.8
[illegible]	(FM)	5.0820	+0.0317	[illegible]	5.0870	[illegible]	[illegible]	[illegible]	5.096	-1.1	5.167	-1.7	78.4
France	(FFr)	5.3507	+0.0519	482 - 522	5.3522	5.2845	5.3536	-0.7	5.36	-0.7	5.3232	0.5	106.7
[illegible]	(D)	1.5615	+0.0158	[illegible]	1.5620	[illegible]	[illegible]	-0.2	1.5617	-0.1	1.556	0.4	107.4
[illegible]	(Dr)	237.100	+2.85	000 - 200	[illegible]	[illegible]	[illegible]	-1.5	238.075	-1.6	240.875	-1.6	69.5
Ireland	(I£)	1.5197	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.5147	1.3	1.4932	1.7	-
[illegible]	(L)	1584.32	+14.77	405 - 458	1584.58	1564.20	[illegible]	[illegible]	1589.12	-3.7	1654.82	-4.4	75.6
Luxembourg	(LFr)	32.1845	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.2345	-0.6	32.3595	-0.5	108.1
[illegible]	(Fl)	1.7535	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.1	1.7538	-0.1	1.7483	0.3	105.8
[illegible]	(NKr)	6.8608	+0.0887	598 - 618	6.8818	6.7740	6.8633	[illegible]	6.8758	-0.9	6.7928	1.0	96.5
[illegible]	(Es)	159.800	+1.65	[illegible] - 700	[illegible]	[illegible]	160.55	-7.1	162.225	-6.6	169.6	-6.3	95.3
[illegible]	(Pta)	130.050	+1.155	000 - 100	130.100	128.500	[illegible]	-3.1	131.055	-3.1	133.95	-3.0	80.5
[illegible]	(SKr)	7.6849	+0.056	[illegible]	[illegible]	7.5763	[illegible]	-2.7	7.7429	-3.0	7.9449	-3.4	79.3
[illegible]	(SFr)	1.3175	[illegible]	170 - 180	[illegible]	[illegible]	[illegible]	[illegible]	1.3155	0.6	1.3053	0.9	105.9
UK	(£)	1.5420	-0.0106	417 - 422	[illegible]	[illegible]	[illegible]	0.2	1.5398	0.6	1.527	1.0	87.2
Ecu	-	1.2188	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.2157	1.0	1.208	0.9	-
SDR†	-	1.46053	-	-	-	-	-	-	-	-	-	-	-
[illegible]													
[illegible]	[illegible]	0.9998	+0.0002	998 - 999	0.9999	[illegible]	-	-	-	-	-	-	-
Brazil	(R)	0.8880	-	870 - 890	0.8890	[illegible]	-	-	-	-	-	-	-
[illegible]	(C$)	1.3703	[illegible]	[illegible]	1.3720	[illegible]	[illegible]	-0.7	1.3724	-0.6	1.3833	-0.9	82.6
[illegible] (New Peso)		3.3718	+0.0211	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.3744	-0.3	3.3818	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.6
Pacific/Middle East/Africa													
[illegible]	(A$)	1.3440	-0.0017	[illegible]	[illegible]	[illegible]	[illegible]	-0.2	1.345	-0.3	1.3523	-0.6	87.8
Hong Kong	(HK$)	7.7265	+0.001	[illegible]	[illegible]	7.7280	[illegible]	0.0	7.729	0.0	7.744	-0.2	-
[illegible]	(Rs)	31.3700	+0.0012	675 - 725	31.3750	31.3675	[illegible]	[illegible]	31.6	-2.9	-	-	-
[illegible]	(Y)	100.285	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	99.825	2.6	97.36	2.9	148.9
[illegible]	[illegible]	2.5480	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.5275	3.2	2.601	-2.1	-
New Zealand	(NZ$)	1.6576	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.7	1.6604	-0.7	1.6657	-0.5	-
[illegible]	(Peso)	26.4750	-	[illegible]	[illegible]	26.3000	-	-	-	-	-	-	-
[illegible]	(SR)	3.7504	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.4	3.7558	-0.6	3.7744	-0.6	-
[illegible]	(S$)	1.5005	[illegible]	[illegible] - 015	[illegible]	[illegible]	1.4992	1.1	1.4973	0.9	1.4905	0.7	-
S Africa (Com.)	(R)	3.5826	+0.0025	820 - 835	3.5835	3.5775	3.5963	-5.2	3.6266	-4.9	3.7033	-3.4	-
S Africa (Fin.)	[illegible]	4.5350	-0.035	250 - 450	[illegible]	[illegible]	[illegible]	[illegible]	4.6275	-8.2	-	-	-
South Korea	[illegible]	801.850	[illegible]	800 - 900	802.200	801.800	[illegible]	[illegible]	808.35	-3.2	826.85	-3.1	-
[illegible]	[illegible]	26.2600	+0.0432	500 - 700	26.2700	26.1200	[illegible]	[illegible]	26.32	-0.9	-	-	-
[illegible]	(Bt)	24.9700	-0.015	600 - 800	24.9900	24.9600	25.0425	-3.5	25.17	-3.2	25.65	-2.7	-

†SDR rate for Aug 25. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Aug 25. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 26		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.22	16.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	311.6	2.540
Denmark	(DKr)	52.04	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.215	[illegible]	162.1	1.327
France	(FFr)	60.15	11.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	288.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	167.4	1.535
Germany	(DM)	20.61	3.961	3.428	1	[illegible]	1015	[illegible]	[illegible]	[illegible]	[illegible]	4.919	[illegible]	[illegible]	0.877	0.641	64.28	0.526
Ireland	(I£)	48.93	9.403	[illegible]	[illegible]	1	[illegible]	[illegible]	[illegible]	242.6	197.7	[illegible]	[illegible]	0.986	[illegible]	[illegible]	152.5	1.246
Italy	(L)	2.032	0.390	[illegible]	[illegible]	[illegible]	[illegible]	0.111	[illegible]	10.07	[illegible]	[illegible]	[illegible]	[illegible]	0.086	[illegible]	6.381	0.052
Netherlands	(Fl)	18.38	3.528	3.052	0.890	[illegible]	903.4	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.370	0.781	0.570	57.20	0.466
Norway	(NKr)	48.94	9.021	[illegible]	2.277	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.20	[illegible]	0.946	[illegible]	1.459	146.3	1.197
Portugal	(Es)	20.17	3.876	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.826	[illegible]	[illegible]	[illegible]	82.65	0.514
Spain	(Pta)	[illegible]	4.756	4.115	1.200	0.506	[illegible]	[illegible]	5.272	[illegible]	[illegible]	[illegible]	[illegible]	0.499	1.053	0.769	77.11	0.631
Sweden	(SKr)	41.91	8.058	6.968	[illegible]	[illegible]	[illegible]	[illegible]	8.927	207.8	[illegible]	10	[illegible]	0.645	[illegible]	1.302	130.5	1.066
Switzerland	(SFr)	24.43	4.695	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	121.1	98.72	[illegible]	1	[illegible]	[illegible]	[illegible]	76.12	0.623
UK	(£)	49.62	[illegible]	8.250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.031	1	2.112	[illegible]	154.6	1.265
Canada	(C$)	23.49	4.515	3.906	1.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	73.20	0.509
US	($)	32.18	6.184	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	100.3	0.820
Japan	(Y)	321.0	61.68	[illegible]	15.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1297	[illegible]	[illegible]	[illegible]	[illegible]	9.974	1000.	8.162
Ecu		39.23	7.538	[illegible]	[illegible]	[illegible]	1930	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.219	122.2	1

[illegible] per 1,000; Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Sep	[illegible]	[illegible]	-0.0135	0.6483	0.6329	26,620	105,406
Dec	0.6478	0.6351	-0.0135	0.6482	0.6331	4,967	9,620
Mar	-	[illegible]	-0.0135	0.6420	0.6344	21	2,883

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

Sep	[illegible]	[illegible]	-0.0172	[illegible]	0.7660	13,814	42,476
Dec	[illegible]	[illegible]	-0.0171	[illegible]	[illegible]	1,705	[illegible]
Mar	-	[illegible]	-0.0171	[illegible]	[illegible]	2	59

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	[illegible]	[illegible]	Change	High	Low	[illegible]	Open int.
Sep	1.0052	0.9972	-0.0089	1.0111	0.9940	25,725	[illegible]
[illegible]	1.0135	[illegible]	-0.0090	1.0157	1.0010	2,044	6,806
[illegible]	-	1.0112	[illegible]	-	1.0100	38	1,710

■ STERLING FUTURES (IMM) £62,500 per £

Sep	[illegible]	1.5310	[illegible]	[illegible]	[illegible]	[illegible]	37,980
Dec	1.5518	[illegible]	[illegible]	[illegible]	[illegible]	1,073	2,033
Mar	-	[illegible]	-0.0252	-	1.5340	11	[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS [illegible]	Oct	Nov	PUTS [illegible]	Oct	[illegible]
1.450	7.91	7.66	7.93	-	0.03	[illegible]
1.475	[illegible]	5.61	5.81	-	0.22	[illegible]
1.500	[illegible]	3.56	3.95	0.13	0.67	1.13
1.525	[illegible]	2.02	2.49	0.73	1.54	2.10
1.550	0.29	0.97	1.43	2.26	2.93	[illegible]
1.575	0.02	0.39	0.73	4.40	4.83	[illegible]

Previous day's vol., Calls 3,016 Puts 6,972 . Prev. day's open int., Calls 11,980 Puts 611,673

UK INTEREST RATES

LONDON MONEY RATES

Aug 26	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	4½ - 2	4⅝ - 4	5 - 4⅞	5½ - 5⅜	6 - 5⅞	7 - 6⅞
[illegible]	-	-	4⅞ - [illegible]	5⅜ - 5⅜	[illegible] - 5⅞	6⅛ - 6⅛
Treasury Bills	-	-	4⅝ - 4½	5⅛ - 5¼	-	-
Bank Bills	-	-	4⅞ - 4⅞	5⅜ - 5⅜	5⅞ - 5⅞	-
Local authority deps.	4⅝ - 4½	4⅝ - 4½	4⅞ - 4⅞	5⅞ - 5⅜	5⅞ - 5⅞	6⅝ - 6⅞
Discount Market deps	5⅛ - 4⅝	4⅝ - 4⅝	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	[illegible]	3½	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc. Ave. tender rate of discount 5.3537pc. ECGD fixed [illegible] Stg. Export Finance. [illegible] up day July 29, 1994. Agreed rate for period Aug 24, 1994 to Sep [illegible] 1994, Schemes II & III 6.40pc. Reference rate for period July 1, 1994 to July 29, 1994, [illegible] IV & V 5.340pc. Finance House Base Rate 5½pc from Aug 1, 1994

BANK OF ENGLAND TREASURY BILL TENDER

	Aug 26	Aug 19		Aug 26	Aug 19
Bills on offer	£300m	£300m	Top accepted rate	5.3547%	5.2544%
Total of applications	£2095m	£1935m	Ave. rate of discount	5.3537%	5.2538%
Total allocated	£300m	£300m	Average yield	5.4287%	5.3236%
Min. accepted bid	£98.685	£98.690	Offer at next tender	£300m	£300m
Allotment at min. level	90%	97%	Min. accept. bid 182 days	-	-

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Emerging Markets page in today's edition.

■ Pound in New York

Aug 26	—Close—	—Prev. close—
£ spot	1.5385	1.5560
1 mth	1.5306	1.5557
3 mth	1.5285	1.5541
1 yr	1.5159	1.5413

FIXED INTEREST RATES

MONEY RATES

August 26	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4¾	5¼	5⅜	5⅝	[illegible]	[illegible]	4.50	-
week ago	[illegible]	5¼	5⅜	5⅝	6¼	7.40	4.50	-
France	[illegible]	5¼	5¾	5⅝	6¼	5.00	-	6.75
week ago	5⅛	[illegible]	5¾	5⅝	[illegible]	5.00	-	[illegible]
Germany	4.85	4.95	4.95	5.02	5.33	6.00	[illegible]	[illegible]
week ago	[illegible]	[illegible]	[illegible]	5.00	[illegible]	6.00	[illegible]	[illegible]
Ireland	4⅞	5¾	[illegible]	6⅛	[illegible]	-	-	6.25
week ago	4⅞	5¾	[illegible]	6⅝	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	8⅝	9⅜	10¼	-	[illegible]	[illegible]
[illegible]	8¼	8¾	[illegible]	10⅛	11⅛	-	[illegible]	8.45
[illegible]	4.84	4.98	[illegible]	5.11	5.42	-	[illegible]	-
week ago	4.85	[illegible]	[illegible]	5.08	5.57	-	[illegible]	-
Switzerland	3¾	4⅛	4⅛	4¼	4⅜	6.625	[illegible]	-
week ago	3¾	4⅛	4⅛	4¼	4⅜	6.625	[illegible]	-
US	4⅞	4¾	4⅞	5¼	5¾	-	[illegible]	-
week ago	4¾	4¾	4⅞	5¼	[illegible]	-	4.00	-
Japan	2¼	2⅛	2¼	2⅛	2⅜	-	1.75	-
week ago	2⅛	2⅛	2¼	2¼	2⅜	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	5	5⅛	5⅞	-	-	-
week ago	-	[illegible]	5	5⅛	5⅞	-	-	-
US Dollar CDs	-	[illegible]	[illegible]	5.06	5.60	-	-	-
week ago	-	4.65	[illegible]	5.13	5.62	-	-	-
SDR Linked Ds	-	3¾	[illegible]	3¾	4	-	-	-
week ago	-	[illegible]	4¼	4¾	[illegible]	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 5⅞; 6 mths: 6⅛; 1 year: 6¾. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Aug 26	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5 - 4⅞	5⅛ - 4⅞	5⅛ - 5⅛	[illegible] - 5⅜	6⅛ - 6	6⅝ - 6½
Danish Krone	5⅞ - 5⅛	5⅞ - 5⅝	6 - 5⅞	6⅝ - 6⅝	7⅛ - 7	7⅝ - 7⅝
D-Mark	[illegible] - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	5 - 4⅞	5⅛ - 4⅞	5⅝ - 5⅛
Dutch Guilder	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	5 - 4⅞	5⅛ - 5	5⅞ - 5⅛
French Franc	5⅛ - 5¼	5⅞ - 5⅝	5½ - 5⅜	5⅝ - 5⅛	5⅞ - 5⅞	6⅜ - 6¼
Portuguese Esc.	12⅛ - 11⅞	10⅛ - 10	11½ - 10⅞	11½ - 10⅞	11½ - 10⅞	12 - 11½
Spanish Peseta	7½ - 7⅜	7⅝ - 7⅝	7⅝ - 7⅝	7⅞ - 7⅞	8⅜ - 8⅛	8⅝ - 8⅝
Sterling	4⅞ - 4⅝	4⅞ - 4⅞	5⅛ - 4⅞	5⅛ - 5⅛	6 - 5⅞	6⅝ - 6¼
Swiss Franc	4 - 3⅞	4⅛ - 3⅞	4⅛ - 4⅛	4⅛ - 4⅛	4½ - 4⅛	4⅞ - 4⅞
Can. Dollar	5⅛ - 5⅛	5⅛ - 5⅛	5¼ - 5⅛	5⅝ - 5⅝	5⅞ - 5¾	6⅞ - 6⅝
US Dollar	4⅞ - 4⅝	4¾ - 4⅝	4⅞ - 4⅞	5 - 4⅞	5⅜ - 5⅛	5⅞ - 5⅞
Italian Lira	8 - 7⅞	8⅛ - 8⅛	8⅛ - 8¼	8⅞ - 8⅞	9⅜ - 9⅛	10½ - 10⅛
Yen	2⅛ - 2⅛	2⅛ - 2⅛	2¼ - 2⅛	2⅜ - 2¼	2⅞ - 2⅞	2⅞ - 2⅞
Asian $Sing	3⅞ - 3⅛	3⅝ - [illegible]	4⅞ - 4⅞	4⅛ - 4⅛	5⅛ - 5⅛	5⅞ - 5⅞

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
[illegible]	94.93	94.94	+0.01	94.96	94.93	58,419	396,473
[illegible]	94.26	94.27	+0.01	94.30	94.24	69,022	483,813
[illegible]	[illegible]	94.00	[illegible]	[illegible]	93.97	41,800	353,216

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

Sep	95.35	95.35	-	95.36	[illegible]	3,024	13,407
Dec	94.82	94.84	-	94.86	[illegible]	1,548	10,033
Mar	94.53	[illegible]	-	94.54	[illegible]	517	3,766

All Open interest figs. are for previous day

UK GILTS PRICES

	Notes	Price £	Wk% +/-	Amnt £m	Interest due	Last xd	City line
Shorts" (Lives up to Five Years)							
Treas 9pc 1994‡‡		100⅛	—	1,900	[illegible] Nv17	11.4	[illegible]
12pc 1995		102⅞	-.1	2,350	[illegible]	20.6	[illegible]
Exch 3pc Gas 1990-95		98⅞	—	[illegible]	[illegible]	28.3	1277
10¼pc 1995		[illegible]	—	[illegible]	Ja21 Jy21	14.8	[illegible]
Treas 12¾pc 1995‡‡		[illegible]	-.1	840	[illegible]	8.4	[illegible]
14pc 1996		109⅛	-.1	770	[illegible]	[illegible]	[illegible]
15¼pc 1996‡‡		112⅞	-.1	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13¼pc 1996‡‡		109¼	-.1	[illegible]	[illegible]	6.4	1268
Conversion 10pc 1996		104⅝	0.1	1,409	My15 Nv15	[illegible]	1240
Treas Cnv 7pc 1997‡‡		98⅞xd	0.5	[illegible]	[illegible]	30.6	-
Treas 13¼pc 1997‡‡		111⅞	-.1	1,250	Ja22 Jy22	16.6	1302
Exch 10½pc 1997		105⅞	0.1	3,700	Fe21 Au21	15.7	1253
Treas 8¾pc 1997‡‡		101⅞xd	0.2	[illegible]	Mr1 Se1	26.7	1341
Exch 15pc 1997		118⅝	-.1	830	[illegible]	21.3	[illegible]
9¾pc 1998		104⅞	[illegible]	3,550	[illegible]	13.6	1272
Treas 7¼pc 1998‡‡		96⅞xd	0.4	7,850	Mr30 Se30	24.8	-
Treas 6¾pc 1995-98‡‡		95⅞	0.5	[illegible]	My1 Nv1	[illegible]	[illegible]
14pc 1996-1		117⅞	[illegible]	[illegible]	My22 Nv22	[illegible]	[illegible]
Treas 15½pc '98‡‡		124⅞xd	0.4	[illegible]	[illegible]	24.8	[illegible]
Exch 12pc 1998		112⅞	[illegible]	3,908	[illegible]	[illegible]	[illegible]
Treas 9½pc 1999‡‡		103⅞	[illegible]	[illegible]	Ja15 Jy15	[illegible]	[illegible]
Five to Fifteen Years							
Exch 12¼pc 1999		113⅞xd	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 10½pc 1999		107½	[illegible]	[illegible]	My19 Nv19	12.4	[illegible]
Treas 6pc 1999‡‡		90⅞xd	[illegible]	[illegible]	Fe10 Au10	4.7	-
Conversion 10¼pc 1999		105⅞	0.5	1,790	[illegible]	[illegible]	[illegible]
Treas Flg Rate 1999		99⅞xd	—	2,500	[illegible]	[illegible]	-
9pc 2000‡‡		102⅞xd	0.6	5,358	[illegible]	[illegible]	[illegible]
Treas 13pc 2000		119⅞	0.6	3,171	Ja14 Jy14	7.6	1299
10pc 2001		106⅝	0.6	4,406	Fe26 Au26	20.7	1280
7pc 2001‡‡		91⅞	0.6	3,650	[illegible]	[illegible]	-
7pc 2001 A		91⅛	[illegible]	2,500	[illegible]	-	-
9¾pc 2002		106	[illegible]	6,527	[illegible]	21.7	1346
8pc 2003‡‡		96⅞	1.3	7,600	Ja10 [illegible]	4.5	-
10pc 2003		108⅞xd	1.3	2,506	Mr8 [illegible]	[illegible]	[illegible]
Treas 11½pc 2001-4		112⅞xd	0.7	[illegible]	Mr19 Se19	[illegible]	[illegible]
Funding 3½pc 1999-4		73	1.5	543	Ja14 Jy14	7.8	1274
[illegible] 2004		[illegible]	1.4	3,412	Ap25 Oc25	[illegible]	[illegible]
Treas 6¾pc 2004‡‡		[illegible]	1.4	6,250	My26 Nv26	[illegible]	[illegible]
Conv 9½pc 2005		[illegible]	1.6	4,842	[illegible]	[illegible]	[illegible]
Treas 12½pc 2003-5		[illegible]	[illegible]	2,200	My21 Nv21	[illegible]	[illegible]
7¾pc 2006‡‡		94⅞xd	1.7	3,900	Mr8 Se8	2.8	-
8pc 2002-6‡‡		[illegible]	1.8	[illegible]	[illegible]	[illegible]	[illegible]
Treas 11¾pc 2003-7		[illegible]	1.1	[illegible]	[illegible] Jy22	[illegible]	[illegible]
Treas 8½pc 2007‡‡		100⅞	[illegible]	6,987	Ja16 Jy16	[illegible]	[illegible]
13½pc 2004-8		128⅞xd	[illegible]	1,250	Mr26 Se26	22.8	1301
Treas 9pc 2008‡‡		104⅞	1.6	5,321	Ap13 Oc13	[illegible]	[illegible]
Over Fifteen Years							
Treas 8pc 2009		95⅞xd	1.8	3,100	Mr25 Se25	[illegible]	[illegible]
Treas 6 1/4pc 2010		[illegible]	2.0	4,750	-	19.4	-
Conv 9pc Ln 2011‡‡		104⅞	1.9	4,273	Ja12 Jy12	16.6	1245
Treas 9pc 2012‡‡		[illegible]	[illegible]	[illegible]	Fe6 Au6	[illegible]	[illegible]
Treas 5½pc 2008-12‡‡		[illegible]	1.9	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8pc 2013‡‡		96⅞xd	2.0	4,950	Mr27 Se27	22.8	-
7¾pc 2012-15‡‡		94⅞	1.9	800	Ja26 Jy26	28.6	[illegible]
Treas 8¾pc 2017‡‡		[illegible]	[illegible]	6,950	Fe25 Au25	18.7	1362
Exch 12pc 2013-17		[illegible]	1.8	[illegible]	[illegible]	6.5	1280
Undated							
[illegible]		[illegible]	[illegible]	360	Fe1 Au1	27.8	1289
War Loan 3½pc‡‡		41⅞	2.0	[illegible]	Je1 De1	25.4	1352
Conv 3½pc '61 Aft.		57⅞xd	—	119	[illegible]	25.8	1249
Treas 3pc '66 Aft.		34⅞	1.2	66	[illegible]	1.3	1324
Consols 2½pc		[illegible]	[illegible]	275	5JaApJyOc	[illegible]	[illegible]
Treas. 2½pc		[illegible]	[illegible]	[illegible]	Ap1 Oc1	25.8	1315
Index-Linked	(b)						
2pc '96	(67.9)	[illegible]	0.1	1,200	[illegible]	19.6	1319
4⅝pc [illegible]	[illegible]	[illegible]	0.1	800	[illegible]	21.3	-
2½pc '01	(78.3)	165⅞xd	[illegible]	[illegible]	[illegible]	18.8	1306
2½pc '03	(78.8)	161⅞	0.6	1,050	[illegible]	18.4	1317
[illegible]	[illegible]	108⅞	0.6	1,080	[illegible]	22.4	-
2pc '06	[illegible]	168⅞	0.5	1,550	[illegible]	13.6	1314
2½pc '09	[illegible]	[illegible]	0.8	[illegible]	[illegible]	18.4	1316
2½pc '11	(74.6)	[illegible]	[illegible]	1,950	[illegible]	18.7	1318
2½pc '13	(89.2)	131	[illegible]	[illegible]	[illegible]	11.7	1320
2½pc '16	(81.6)	139⅝	1.0	[illegible]	[illegible]	28.6	1321
2½pc '20	(83.0)	135⅞	1.1	[illegible]	[illegible]	10.3	1322
2½pc '24‡‡	(97.7)	111⅞	[illegible]	2,100	[illegible]	18.6	1323
4⅛pc '30‡‡	(135.1)	[illegible]	[illegible]	1,300	[illegible]	15.8	-

(b) Figures in parentheses [illegible] RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. [illegible] factor 3.945. RPI for December [illegible] 141.8 and for July 1994: 144.0.

Other Fixed Interest

	Notes	Price £	Wk% +/-	Amnt £m	Interest due	Last xd	City line
African Dev 11¼pc 2010		115⅞	1.6	50	Ja4 Jy4	1.12	-
Asian Dev 10¼pc 2009		111⅞	1.4	100	[illegible]	3/6	-
B'ham 11½pc 2012		[illegible]	—	45	[illegible]	4/93	1387
Ireland Cap 8½pc '12		97½	-0.6	300	[illegible]	—	1465
9pc Cap 1998		100⅞	-.6	725	[illegible]	-	-
13pc '97-2		106⅞	-.7	[illegible]	[illegible]	28.8	1408
Hydro Quebec 15pc 2011		143⅞	1.4	[illegible]	[illegible]	27.10	-
Leeds 13½pc 2006		130⅞	—	[illegible]	[illegible]	3/93	3146
Liverpool 3½pc Irred		37	—	[illegible]	[illegible]	8/90	-
LCC 3pc '20 Aft		33	—	[illegible]	[illegible]	8/90	-
[illegible] 11½pc 2007		118	—	8	[illegible]	3/93	3275
[illegible] 3pc 'B'		68	—	[illegible]	[illegible]	6/93	3261
[illegible] 3½pc 2021		133	—	[illegible]	[illegible]	1/93	3465
[illegible]		127½	—	[illegible]	-	7/95	-
[illegible] 10½pc 2009		[illegible]	—	50	Mr1 Se1	27.8	-

■ 'Tap' stock. †† Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds. Weekly percentage changes are calculated on a Friday to Friday basis.

STOCK INDICES

	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	1994 High	1994 Low	Since comp. High	Since comp. Low
FT-SE 100	3265.1	3234.2	3205.2	3175.1	3171.3	3520.3	2876.6	3520.3	986.9
FT-SE Mid 250	3807.0	3789.4	3762.1	3753.4	3749.4	4152.8	3363.4	4152.8	1378.4
FT-SE Mid 250 ex ITs	3810.7	3791.7	3764.9	3757.1	3754.7	4160.7	3362.4	4160.7	1378.3
FT-SE-A 350	1645.1	1631.3	1617.4	1604.8	1603.0	1778.3	1451.3	1778.3	664.5
FT-SE SmallCap	1902.86	1899.27	1891.63	1888.66	1887.49	2094.98	1777.31	2094.98	1363.79
FT-SE SmallCap ex ITs	1868.21	1862.57	1858.50	1854.07	1853.05	2060.72	1782.58	2060.72	1363.79
FT-SE-A All-Share	1630.33	1617.45	1604.14	1592.41	1590.67	1764.11	1445.85	1764.11	61.92
FT-SE Eurotrack 100	1386.89	1370.77	1358.31	1347.78	1341.33	[illegible]	1303.48	[illegible]	990.45
FT-SE Eurotrack 200	1446.98	1433.67	1419.32	1406.10	1400.60	1607.16	1342.95	1607.16	[illegible]
FT Ordinary	2552.0	2529.5	2507.5	2486.7	2486.4	2713.6	2255.5	2713.6	49.4
FT Govt Securities	92.03	91.80	[illegible]	91.26	91.14	[illegible]	89.90	127.40	49.18
FT Fixed Interest	109.36	109.16	108.85	108.64	108.63	133.87	107.33	133.87	50.53
FT Gold Mines	1996.64	1996.92	1992.86	1967.57	1975.54	2267.4	1782.02	2267.40	922.16
Predecessor Gold Mines	247.9	246.2	242.0	[illegible]	[illegible]	277.9	185.6	734.7	43.5

BANK RETURN

BANKING DEPARTMENT	Wednesday August 24, 1994	Increase or decrease for week
Liabilities	£	£
[illegible]	14,553,000	
Public deposits	820,016,754	-306,495,868
Bankers deposits	1,660,525,529	+56,717,152
[illegible] and other accounts	4,447,406,792	+1,261,170,576
	6,942,502,075	+1,013,391,860
[illegible]		
Government securities	1,009,858,706	+2,585,000
[illegible] and other [illegible]	5,491,426,818	+3,039,329,213
Premise, equipment and other secs	436,477,570	-2,028,081,180
[illegible]	4,781,883	-362,695
Coin	157,296	-58,478
	6,942,502,075	+1,013,391,860
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	18,465,218,117	+320,362,695
Notes in Banking Department	4,781,883	-362,695
	18,470,000,000	+320,000,000
Assets		
Other Government securities	10,057,997,652	-521,765,793
Other Securities	8,412,002,348	+841,765,793
	18,470,000,000	+320,000,000

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	[illegible]	1994 High	Low	Stock	Close price p	+/-	[illegible] div.	Div. cov.	Grs yld	P/E net
-	F.P.	25.4	100	[illegible]	‡Aromascan	94	+2	-	-	-	-
-	F.P.	20.4	89	[illegible]	Baillie G Shn Wrts	81		-	-	-	-
100	[illegible]	[illegible]	102	100	Beacon Inv Tst	102		-	-	-	-
-	[illegible]	[illegible]	48	43	Do. Warrants	48	+1	-	-	-	-
18	[illegible]	[illegible]	[illegible]	21	Carrell	32½	-½	-	-	-	-
165	[illegible]	76.0	175	[illegible]	[illegible] Plc	168		W7.3	1.0	5.4	22.1
120	[illegible]	[illegible]	133	118	Copyright Prom.	126		[illegible]	2.8	1.0	45.0
◆	F.P.	8.71	71	68	Freeport	68		-	-	-	-
-	F.P.	[illegible]	1½	1½	IMC Inds Wrts	1½		-	-	-	-
-	[illegible]	32.2	94	91	INVESCO Jpn Disc	92		-	-	-	-
-	[illegible]	3.33	[illegible]	42	Do. Warrants	47½		-	-	-	-
-	F.P.	-	[illegible]	65	JF Fl Japan Wrts	68		-	-	-	-
-	F.P.	16.5	[illegible]	35	‡Magnum Power	38	+1	-	-	-	-
100	F.P.	[illegible]	[illegible]	91	Old Mutual SA	93½	+½	-	-	-	-
-	F.P.	[illegible]	45	41	Do Warrants	41		-	-	-	-
23	F.P.	10.8	31	29	Orbis	29		-	-	-	-
-	[illegible]	0.80	17	5½	Do. Warrants	17		-	-	-	-
-	F.P.	1.26	40	38	[illegible]	40		-	-	-	-
150	F.P.	182.2	[illegible]	157	Pillar Property Inv	161	[illegible]	LN8.7	-	2.9	-
-	F.P.	[illegible]	44	36	Suter Wrts 99/04	41		-	-	-	-
100	F.P.	3.81	[illegible]	97	TR Euro Gth Ptg	105		-	-	-	-
-	F.P.	2.40	[illegible]	29	Tops Ests Wrts	30		-	-	-	-

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	Low	Stock	Closing price p	+or-
340	Nil	26/9	52pm	41pm	Gibbs Mew	52pm	+4
32	Nil	3/10	1½pm	½pm	Regian Props	1pm	

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25	● Members of London Investment Banking Association	
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25	* In administration	
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

FT GOLD MINES INDEX

	Aug 26	% chg since 31/12/93	Aug 25	[illegible]	[illegible]	Gross div yield %	52 week High	52 week Low
Gold Mines Index (30)	1996.64	-16.6	1996.92	48.27	[illegible]	2.14	2267.40	[illegible]
■ Regional Indices								
Africa (16)	3145.54	-4.8	3157.86	18.16	32.83	4.32	3440.80	1862.23
Australia (8)	2603.87	-2.3	2602.27	6.98	14.16	2.81	3013.59	1993.18
North America (12)	1856.25	-15.9	1598.45	28.12	53.01	0.82	2008.65	1383.60

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Aug. 26: 247.9; week's change: +6.8 points; Year ago: 189.3.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Calicash Deposit Fund	4.59	-	[illegible]	3-Mth
Deposits Over £1 million	4.66	-	[illegible]	3-Mth
Deposits Over £2 million	4.78	-	4.87	3-Mth
The CCIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	4.75	-	4.84	3-Mth
Cent. Bd. of Fin. of Church of England‡ 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	4.65	-	4.84	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
Allied Trust Bank Ltd 25 Dowgate Hill, London, EC4R 2AT 071-626 0879				
FOMMA (£2,001+)	6.54	4.90	6.54	Yearly
TREMMA (£2,001+)	5.85	4.39	5.85	Yearly
TOMMA (£2,001+)	5.64	4.23	5.64	Yearly
GIMMA (£2,001 +)	5.33	3.99	5.33	Yearly
HICA (£2,001 +)	4.00	3.00	4.07	Mth
HIBCA (£2001+)	4.00	3.00	4.07	Mth
Premier TESSA	6.87	5.15	6.87	Yearly
American Express Bank Ltd Sussex House, Burgess Hill RH15 9AQ 0444 232444 High Performance Cheque Account				
£500-£999.99	1.00	0.75	1.00	Mth
£1,000-£4,999.99	3.50	2.63	3.56	Mth
£5,000-£9,999.99	3.75	2.81	3.82	Mth
£10,000-£24,999.99	4.00	3.00	4.07	Mth
£25,000-£49,999.99	4.25	3.19	4.33	Mth
£50,000+	4.75	3.56	4.86	Mth
Arbuthnot Latham & Co Ltd 30 City Road, London EC1Y 2AY 071-638 0070 Treasury Account – for professional advisers				
£25,000-£49,999	4.75	3.5625	4.86	Mth
£50,000 or more	5.00	3.75	5.12	Mth
Mobility Inc Acc – for personal and business clients				
Up to £9,999	3.25	2.4375	3.30	Mth
£10,000 - £24,999	4.00	3.00	4.07	Mth
£25,000 - £49,999	4.50	3.375	4.59	Mth
£50,000 or more	4.75	3.5625	4.86	Mth
Money Market quotations – please telephone				
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516510				
£10,000 +	3.500	2.625	3.549	Qtr
£2,000-£9,999	2.50	1.875	2.524	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Dep Acc £2,500-£24,999	3.50	2.62	3.56	Mth
£25,000-£249,999	3.75	2.81	3.82	Mth
£250,000+	5.00	3.75	5.12	Mth
Barclays Select PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	4.00	3.00	4.00	Yearly
£10,000-£24,999	4.75	3.56	[illegible]	Yearly
£25,000-£49,999	5.00	3.75	5.00	Yearly
£50,000-£99,999	5.25	3.94	5.25	Yearly
£100,000+	5.50	[illegible]	5.50	Yearly
Barclays Prime Account H.I.C.A. PO [illegible]				
£1,000-£2,499	2.00	1.50	[illegible]	Qtr
£2,500-£9,999	[illegible]	1.69	2.27	Qtr
[illegible]	[illegible]	2.06	2.78	Qtr
£25,000+	3.50	[illegible]	3.30	Qtr
[illegible] Shipley & Co Ltd Founders Court, Lothbury, London [illegible] 071-606 9833				
HICA	4.00	[illegible]	[illegible]	Qtr
Prof Demand A/c	4.00	[illegible]	[illegible]	Qtr
Caledonian Bank Plc [illegible] Edinburgh EH2 2PP 031 556 8235				
HICA	4.75	[illegible]	-	Yearly
Cater Allen Ltd 20 Birchin Lane, London EC3V [illegible] 071-623 [illegible]				
HICA	3.50	[illegible]	3.56	[illegible]
Fixed £50,000+	4.88	-	4.98	Mth
Overnight £50,000+	3.85	-	3.85	Mth
[illegible] 1 Paternoster Row, [illegible] 7DH 071-248 4000				
[illegible]	3.75	2.81	3.80	Mth
[illegible]	4.00	3.00	4.06	Mth
[illegible]	4.25	3.19	4.31	Mth
£100,000+	4.50	4.21	4.57	Mth
£5,000-£49,999	2.75	[illegible]	2.78	Mth
£50,000-£99,999	3.25	2.44	3.30	Mth
£100,000-£199,999	3.50	[illegible]	3.56	Mth
£200,000+	3.75	2.81	3.82	Mth
Many other currencies are available – for rates please phone out [illegible]				
Clydesdale Bank Flexible Solution Acc 30 St Vincent Place, Glasgow G1 2HL 041-248 7070				
£10,000-£29,999	3.70	[illegible]	3.75	Qtr
£30,000-£99,999	3.75	[illegible]	3.80	Qtr
£100,000-£199,999	3.80	[illegible]	3.85	Qtr
The Co-operative Bank PO Box 300, Skelmersdale, Lancs [illegible]				
TESSA	6.25	-	-	[illegible]
Pathfinder – Card Based [illegible] Account				
All Balances	4.80	[illegible]	5.01	[illegible]
Investment 90 – 90 Day Notice Savings				
£50,000+	5.25	3.94	5.35	6-Mth
£25,000-£49,999	4.50	3.38	4.55	6-Mth
£10,000-£24,999	4.00	3.00	4.04	6-Mth
£5,000-£9,999	3.00	2.25	3.02	6-Mth
Top Tier – Instant Access Savings				
£50,000+	3.75	2.81	[illegible]	[illegible]
£10,000-£49,999	3.25	2.44	[illegible]	[illegible]
£5,000-£9,999	2.25	[illegible]	[illegible]	[illegible]
Business Deposit – Instant Access				
£250,000+	4.08	3.06	[illegible]	[illegible]
£50,000-£249,999	3.00	2.25	3.02	[illegible]
£10,000-£49,999	2.75	2.06	2.77	[illegible]
£500-£9,999	2.31	[illegible]	2.32	[illegible]
30-90 day notice available Tel 0345 212212				
Coutts & Co 440 Strand, London WC2R 0QS 071-753 1000 Coutts Composite Account for client money 15 Lombard Street, London EC3V 9AU 071-623 1010				
Rates negotiable up to	4.25	-	-	-
Dao Heng Bank (London) PLC Premier Acc 10 Angel Court, London EC2R 7HP 071-606 1616				
£20,000+	5.00	3.75	5.09	Qtr
£10,001-£20,000	4.25	3.19	4.32	Qtr
£7,500-£10,000	3.75	2.81	3.80	Qtr
Savings Account	2.75	2.06	2.78	Qtr
Davenham Tst Plc-Davenham 500 Acc 8 St John St, Manchester M3 4DU 061-832 8484				
£10,000+ 6Mths	7.25	5.4375	-	6-Mth
£10,000+ 1 Year	7.50	5.625	7.5	Yearly
£5,000 + Fixed Rate [illegible] 2 Yrs	8.00	6.00	7.7	-
Fidelity Money Market Account Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth Surrey, KT20 6RB				
£1-£999	0.50	0.375	0.50	Qtr
£1,000-£9,999	3.50	2.625	3.55	Qtr
£10,000-£24,999	4.00	3.00	4.06	Qtr
£25,000-£99,999	4.50	3.375	4.58	Qtr
£100,000+	4.70	3.525	4.78	Qtr
£500,000+ Money Market Rates on request				
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 335333 Rates for personal customers				
£50,000 and above	5.85	4.39	5.96	Qtr
£25,000 to £49,999	5.50	4.13	5.61	Qtr
£10,000 to £24,999	5.15	3.86	5.25	Qtr
£5,000 to £9,999	4.50	3.38	4.58	Qtr
Rates for non-personal customers				
£50,000 and above	5.25	3.94	5.35	Qtr
£25,000 to £49,999	4.75	3.56	4.84	Qtr
£10,000 to £24,999	4.50	3.38	4.58	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Deposit Acc	6.00	4.50	6.09	-
3 Mth Fixed Rate Deposit Acc	5.75	4.31	5.86	-
1 Mth Fixed Rate Deposit Acc	5.75	4.31	5.90	-
Humberclyde Finance Group 5 Darby Way, Hook, Basingstoke 0256 760000				
£50,000+	5.25	3.94	5.35	[illegible]
Leopold Joseph & Sons Limited 29 Gresham Street, London EC2V 7EA 071-588 2323 Treasury High Interest Cheque Account				
£25,001-£100,000	4.50	3.375	4.60	Qtr
£100,001 plus	4.75	3.563	4.84	Qtr
Kleinwort Benson Ltd 158 Kentish Town Rd, London NW5 2BT [illegible] 1986				
H.I.C.A (£2,500+)	4.0	3.0	[illegible]	Daily
Kleinwort Benson Private Bank a division of Kleinwort Benson Investment Management Ltd 158 Kentish Town Road, London NW5 2BT 071-267 1986				
H.I.C.A (£2,500+)	4.0	3.0	4.07	Daily
Lloyds Bank – Investment Account 71 Lombard St, London EC3P 3BS 0272 433372				
£100,000 and above	5.25	3.94	5.25	Yearly
£50,000+	5.15	3.86	5.15	Yearly
£25,000+	4.95	3.71	4.95	Yearly
£10,000+	4.75	3.56	4.75	Yearly
Midland Bank plc PO Box 2, Sheffield 071 705 8430				
Exchequer Acc £5000+	3.75	2.81	3.75	Yearly
£10,000+	4.50	3.37	4.50	Yearly
£25,000+	5.00	3.75	5.00	Yearly
£50,000+	5.50	4.12	5.50	Yearly
TESSA	5.25	-	5.25	Yearly
Nationwide Bldg Soc – Businessinvestor Business High Interest Cheque Account Pipers Way, Swindon [illegible] 0800 [illegible]				
£2,000-£4,999	3.30	[illegible]	3.34	Qtr
£5,000-£9,999	3.80	2.85	3.85	Qtr
£10,000-£24,999	4.30	3.23	4.37	Qtr
£25,000-£49,999	4.80	[illegible]	4.89	Qtr
£50,000+	5.30	[illegible]	5.41	Qtr
Portman Bldg Soc Prestige Cheque Account Richmond Hill, Bournemouth, BH2 [illegible] 0800 [illegible]				
£50,000+	5.50	[illegible]	5.60	[illegible]
[illegible]	5.00	[illegible]	5.00	[illegible]
[illegible]	[illegible]	[illegible]	4.50	[illegible]
[illegible]	[illegible]	[illegible]	3.50	[illegible]
[illegible]	2.50	[illegible]	2.50	Yearly
Rea Brothers Limited, [illegible] Alderman's Walk, London EC2M 3XR [illegible] 1155				
Professionals' Client Account	4.75	[illegible]	4.85	Mth
Professionals' Office Account	4.50	3.38	4.59	Mth
£50,000+ Instant Access Dep Ac	4.25	3.19	[illegible]	Qtr
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE [illegible] 8002				
£50,000+	3.75	2.81	[illegible]	Qtr
£25,000 – £49,999	3.50	2.63	3.55	Qtr
£10,000 – £24,999	2.75	2.06	2.78	Qtr
£5,000 – £9,999	2.00	1.50	2.02	Qtr
£2,000 – £4,999	1.50	1.13	1.51	Qtr
Save & Prosper/Robert Fleming 16-22 Western Rd, Romford RM1 3LB 0800 282101				
Client Account	3.75	2.81	3.82	Daily
TESSA Fixed 1 Year	6.40	-	6.626	Mth
TESSA Variable	4.41	-	4.50	Mth
Tyndall Bank plc 29-33 Princess Victoria St, Bristol [illegible] 744720				
HIMA £5000+/Master Plus	3.500	2.625	[illegible]	Qtr
Demand/HIMA £10000+	3.625	2.719	[illegible]	Qtr
HIMA £50000+	3.750	2.813	3.803	Qtr
HIMA £100000+	3.875	2.906	3.932	Qtr
Tyndall TESSA	4.375	-	4.447	Qtr
United Dominions Trust Ltd PO Box 62, Harts, EN4 0DY 081-447 2438 Capital Plus Cheque Account				
£1,000+	4.75	3.56	[illegible]	Qtr
United Trust Bank Ltd (formerly ULG) 1 Great Cumberland Pl, London W1H 7AL 071-258 0064				
£10,000–60 day notice	6.75	5.06	6.92	3-Mth
£10,000–180 day notice	7.00	5.63	7.24	6-Mth
£25,000 – 1 Year	7.25	5.44	-	Yearly
J. Henry Schroder Wagg & Co Ltd [illegible] 071-382 6000				
[illegible]	3.00	2.25	3.03	Mth
[illegible]	3.25	2.44	3.30	Mth
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	4.75	3.56	4.84	[illegible]
£5,000-£14,999	4.50	3.38	4.58	[illegible]
£1,000-£4,999	4.25	3.19	4.32	[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

BANKS

	Notes	Price	Wk% ch'ge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl		£23½	2.9	081%	ф	Sep May	1.9	–
ANZ A$		188	–5.1	020c	0.7	Jan Jul	9.12	–
Abbey National	†N□	390xd	0.5	15.5	2.1	May Oct	15.8	5411
Allied Irish I£	‡†N□	248xd	3.8	080⅔%	2.7	Oct May	15.8	1354
Anglo Irish I£	[illegible]	59	1.7	017.9%	1.7	Jan Jul	8.6	1365
Asahi Y		796½	–2.2	014%	ф	Jan Dec	12'92	3049
Banco Bil Viz Pta		£15¾	–.1	022.2%	2.7	JyOcJaAp	7'93	–
Banco Sant Pta		£28¾		039%	2.0	[illegible]	1.8	–
Bk Ireland I£	‡□	271	3.0	013.3%	3.2	Jul Dec	18.9	1360
Bank Scotland	‡N□	201	2.6	5.05	2.4	Dec Jul	16.5	1742
9¼pc Pf		113¾	0.4	9¼%	–	May Nov	25.4	1482
9¾pc Pf		119	0.4	9¾%	–	May Nov	25.4	1685
Barclays	‡†N□	587xd	4.1	16.65	1.9	Oct May	15.8	1754
Dai Ichi Kan Y		£11⅛	–1.7	017%	1.2	Jan Dec	27.9	–
Deutsche DM		2297½	0.8	033%	–	May	5'93	–
Espirito Santo		£10⅛	5.3	080c	5.2	Jan	6'93	5187
First Nat Fin	N□	68	–7	1.5	–	Mar Aug	18.7	2571
6.3pc Cv Pf		77		6.3%	–	Jul Jan	6.6	2570
7pc Cv Pf		125½		7.0	–	Jul Jan	6.6	1488
Fuji Bank Y		1471¾	–2.3	017%	ф	Dec Jun	7'93	–
HSBC HK	†N□	744	0.7	24.5	2.4	Nov Jun	14.3	2798
HSBC (75p Shs)	†N□	726	0.7	24.5	2.4	Nov Jun	14.3	2776
Lloyds	†N□	558xd	1.6	23.0	2.1	Oct May	8.8	3171
Mitsubishi Y		£16⅜	–.6	017%	ф	Jan Dec	12'92	–
Mits Tst & Bk Y		882½	–4.8	016%	12.4	Jan Dec	12'92	–
Mitsui Tst & Bk Y		739¾	–5.2	017%	5.5	Jan Dec	12'92	–
Nat Aust A$	†	510	–3.4	055c	1.7	Jul Jan	21.6	–
NatWest	†N□	501xd	5.0	18.4	2.4	Oct May	8.8	3483
Ottomane FFr		£21¾		0125%	ф	May	25.5	–
Ryl Bk Scotland	‡†N□	405	0.2	12.0	1.9	Feb Jul	16.5	3874
Sakura Y		99¾	–1.1	017%	3.0	Dec Jun	12'92	–
Sanwa Y		£13⅞	–2.6	016%	2.0	Jan Dec	12'92	–
Standard Chartd	†N□	256xd	1.3	6.37	4.2	Jun Oct	22.8	4064
7 3/8pc Prf		86xd	–5.0	7.37	–	Apr	22.8	1719
Sumitomo Y		£12¼	–.7	017%	8.7	Jan Dec	12'92	–
Sumitomo Tst Y		905¾	–4.1	017%	ф	Jan Dec	12'92	–

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

Trans Can Pips ♥ 9.3 8.0 84c JaApJyOc 1.12 -

SOUTH AFRICANS

	Notes	Price	Wk% change	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		£29½	9.3	Q375c	1.9	Oct Apr	3'93	–
Barlow	Z	644	–3.4	Q18c	–	Jul	20.6	–
Gold Flds Prop R		75	–32.4	Q52c	♦	Feb Sep	31.1	–
NK Props	s	95	.....	Q44.7c	0.3	Feb Oct	16.10	–
SAGOL	♥	492	5.5	Q70c	–	Oct	22.9	3918
SA Brews		£12¼	–1.0	Q155c	2.2	Dec Jun	30.5	–
Tiger Oats	†	600	–3.2	Q85c	2.9	Jul Feb	8.8	–
Tongaat-Hulett	h	830c	–1.8	Q70.3c	2.4	Feb Aug	4.1	–

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) UK & Irish incorporated non-listed companies.
- Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress
- Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1994. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Figures based on IIMR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: VideoLogic (Eltnc & Elct Eqpt), Emrg Mkts Country Inv Ord & Wrts (Inv Trusts), British Land 6pc Bd and Panther Secs (Property). Deletions: CountyGlen (Property).

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT1795. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 39p per minute cheap rate and 49p per minute at all other times.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

4 pm close August 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
17⅝	13⅜	AAR	0.48	3.5	462	117	13⅝	13¼	13⅜	
16⅞	12⅝	A L Labs A	0.18	1.1	36	745	16⅛	15⅜	15⅞	+¼
75¼	57⅝	AMP	1.68	2.3	25	3263	72⅝	72	72½	+¼
72¾	52¼	AMR			101	5812	58¼	57⅝	57¾	+⅜
5	3⅛	ARX			13	350	3⅝	3⅜	3⅝	+⅛
58⅛	38⅝	ASA x	2.00	4.3	31	425	47¼	46¾	47	-⅛
31¾	25⅛	AbbtL	0.76	2.5	18	6841	30⅞	30½	30¾	+⅝
14	11⅛	Abitibi Pr	0.50	3.5	10	541	d14¼	14⅛	14¼	+¼
23⅝	17¾	ABM Ind	0.52	2.3		60	22⅞	22⅜	22⅞	+½
14⅛	11⅛	Acpincoln			26	108	14⅛	14	14⅛	+¼
31	22⅞	ACE Ltd	0.44	1.9	3	1274	23⅞	23	23⅛	
12½	9⅝	ACM Gvt In	1.09	11.1		400	10	9⅞	9⅞	
10⅛	7⅜	ACM GvOpp	0.80	10.4		82	7⅝	7½	7⅝	+⅛
10⅝	7½	ACM Gvt Sp	0.96	12.4		300	7⅞	7⅝	7¾	
12	8¾	ACM Gvt Sc	1.09	12.2		158	9	8⅞	9	
11⅞	8⅜	ACM Man	1.06	12.3		324	8¾	8⅝	8¾	
8¼	8	ACM Managd	0.72	8.9		122	8⅛	d8	8⅛	+⅛
15½	8¾	AcmeClv	0.44	3.6	15	219	12⅜	11⅞	12⅜	
9⅞	6½	Acme Elect			7	35	9⅛	9	9	-⅛
28¾	23	Acordia x	0.60	2.3	13	527	26½	26⅛	26½	+⅜
13⅞	5¾	Actava	0.36	2.8	3	1298	13⅛	12⅞	13	-¼
15⅝	11¾	Acuson			110	584	14⅜	13¾	14⅜	+⅝
18⅞	16½	Adams Expr x	0.48	2.7	0	279	17¼	17⅛	17¼	+⅛
64	46½	Ad Micro x	3.00	5.0		409	60	59½	59¾	+3

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4 pm close August 26

NYSE COMPOSITE PRICES

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NASDAQ NATIONAL MARKET

4 pm close August 26

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AMEX COMPOSITE PRICES

4 pm close August 26

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FT GUIDE TO THE WEEK

29 MONDAY

Abiola trial reopens

The treason trial of Moshood Abiola (left), Nigeria's jailed opposition leader, re-opens at the high court in Abuja. The defence has challenged the court's jurisdiction and criticism of the judge at previous hearings led to his withdrawal. Abiola was arrested in June after declaring himself president on the anniversary of his 1993 election victory.

Ron Brown, US Commerce Secretary, visits Beijing to sign framework agreements reached by the US-China Joint Commission on Commerce and Trade.

He is the most senior US official to visit Bejing since the US renewed its Most Favoured Nation trade status and will be closely watched for public comments on human rights.

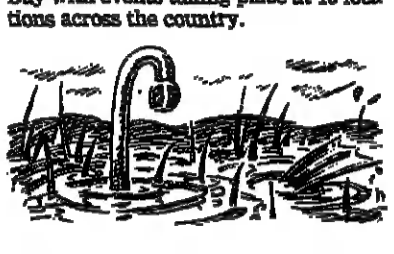
European talks: The assembly of European regions opens a five-day seminar on federalism and regionalism at the Palais of Europe in Strasbourg. The assembly consists of 45 different regions in Europe, including representatives of central and eastern Europe.

Quebec premier Daniel Johnson and opposition Parti Quebecois leader, Jacques Parizeau, meet in a TV debate which will give clues to the winner of the September 12 provincial election.

The Johannesburg listing of New Africa Investments Limited (Nail) marks a watershed for black business in South Africa. Nail owns 30 per cent of Metlife, South Africa's fifth largest life assurer.

The 12th Olympic Congress opens in Paris co-ordinated by the International Olympic Committee. A decision is likely to be made to add the sports of triathlon and taekwondo in time for the 2000 Games in Sydney.

A bog in Llanwrtyd Wells, Wales, is the venue for the World Bog Snorkelling Championships. The UK Bank Holiday has also been declared Naturism Day with events taking place at 10 locations across the country.



Tennis: The US Open begins at Flushing Meadow, New York.

Holidays: UK (Bank Holiday), Gibraltar (Bank Holiday), Hong Kong (Liberation Day).

30 TUESDAY

Rebel's hostage deadline

Outlawed Khmer Rouge guerrillas say they will release three Western hostages held in southern Cambodia as soon as the government army halts attacks on the rebel base. The Khmer Rouge has warned Australia, France and the UK to renounce military aid to Phnom Penh by today if they hope to end the hostage stand-off.

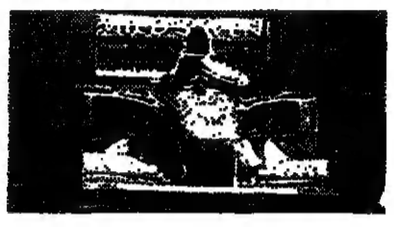
The Eminent Persons Group, which advises the Asia Pacific Economic Co-operation forum, will present its report for the November meeting of Apec leaders to Indonesia's President Suharto, the chairman. The EPG was asked at the Seattle meeting last year to consider a "blueprint" for free trade in the Asia-Pacific region, and its recommendations will be outlined.

Georgia's breakaway province of Abkhazia is the subject of UN-mediated talks in Geneva (to Aug 31). The UN refugee agency hopes to secure a long-term political settlement which would facilitate the return to Abkhazia of up to a quarter of a million refugees who fled the fighting a year ago.

Japan's prime minister, Tomiichi Murayama, returns from Singapore at the end of an eight-day, four-nation tour of south-east Asia which stressed the region's importance for Japan as an investment location.

Egyptian foreign minister Amr Moussa visits Israel for talks aimed at re-activating the peace process.

Motor racing appeal: An appeal by Michael Schumacher, Benetton's championship driver, against a two-race ban and six-points deduction will be heard in Paris today. The penalties were imposed by the sport's governing body, the FIA, after the 25-year-old German racer ignored a 'black flag in the British Grand Prix.



Cleared for college: All applicants to UK universities who were given conditional offers before A-level results were published should know whether they have won a place at the universities they applied to by today – barring postal delays. A brand new clearing system, the Universities and Colleges Admissions Service, is in operation and it received universities' final decisions at the end of last week.

UK commuters face further rail disruption from noon today when RMT union signal-workers start their third 48-hour strike.

Holidays: Turkey (Victory Day).

31 WEDNESDAY

Russian troops leave Berlin

The remaining troops from the former Soviet Union prepare to leave Berlin. Russian president Boris Yeltsin will accompany President Roman Herzog and Chancellor Helmut Kohl of Germany during festivities to mark the departure.

Baltic and Nordic foreign ministers meet in the Lithuanian town of Palanga, to coincide with the withdrawal of Soviet armed troops from Estonia, Latvia and Lithuania. This is the second informal meeting between the two groups.

Dail recalled:

The Irish parliament (Dail) is to be recalled from summer recess for a three-day debate on the recently-published results of the inquiry into the Irish beef industry. Prime minister Albert Reynolds (left) is expected to come under opposition attack for decisions he made as industry minister in the 1980s.

Swan Hunter's sole prospective buyer has until today to start paying the wages of the UK shipyard's 100-strong design and technical team. If French-owned Soffia/Constructions Mecaniques de Normandie does not start paying, the team will be made redundant, ending Swan's ability to tender for more work and prospects of a going-concern sale.

The Bosnian Serb assembly is due to meet again in Pale following last weekend's referendum on the latest international peace plan.

The British Medical Association holds its national conference in London. The meeting will discuss local performance related pay for doctors in the National Health Service.

Population: The British Society for Population Studies holds its annual conference in Durham. It will discuss issues such as single mothers, the national survey of sexual attitudes and lifestyles, and global population growth. The International Conference on Population and Development takes place in Cairo next week.

Multinationals control one-third of world output and account for nearly 10 per cent of all non-farm jobs worldwide, according to the annual World Investment Report released today.

Chess: The £100,000 Intel Grand Prix starts in London (to Sept 3). Rivals for Garry Kasparov and Nigel Short in a 16-player speed chess knock-out include Vishy Anand and Vladimir Kramnik.

Holidays: Malaysia (National Day). Trinidad and Tobago (Independence Day).

Cuba and the US are to hold talks on migration this week in New York, but will not discuss the trade embargo or the US presence at Guantanamo Bay

1 THURSDAY

Body Shop under fire

Business Ethics, a US magazine, is expected to criticise the Body Shop's commitment to environmental causes and its "trade not aid" policy in an article published today. Last Saturday, the cosmetics group published a 32-page rebuttal of allegations thought to be included in the article.

Bundesbank: Today's council meeting is widely seen as the last-but-one chance for a further cut in the discount rate before the German election on October 16.

Panama's president-elect, Ernesto Perez Balladares, 47, of the Democratic Revolutionary party, takes office in Panama City after a three-month transition period of government.

Israel starts handing over powers to the Palestinians in the occupied West Bank. Areas of responsibility to be transferred this week include education, tourism, taxation, social affairs and health.

Hungary and the UK hold joint military exercises in Hungary within the framework of the US-sponsored Partnership for Peace programme (to Sept 25).

Libya commemorates the 25th anniversary of Colonel Gaddafi's seizure of power.

Holidays: Central African Republic (National holiday), Libya (National Day).

2 FRIDAY

Chinese leader in Moscow

Jiang Zemin, China's president, arrives in Moscow for a five-day visit. It is the first visit by a Chinese head of state since the 1950s and follows President Yeltsin's earlier visit to Beijing.

The Chinese leader will sign an agreement with Russia to retarget strategic nuclear missiles aimed at each others' countries and discuss how to formalise the western section of their mutual border.

Troop movements: US and Russian troops conduct joint peacekeeping exercises in Totskoye, Russia, that may lead to real operations in the future. About 250 soldiers from each country will take part (to Sept 10).

Belgium remembers: The Duke of York arrives in Belgium to launch celebrations of the 50th anniversary of the country's liberation in the second world war.

Ron Brown, US Commerce Secretary, visits Hong Kong, where he is expected to deliver an address at the American Chamber of Commerce. He is accompanied by a delegation of 24 CEOs and senior officials from the National Security and Economic councils, the State Department, the US Export-Import Bank and the US Trade Representative's office.

The Deauville festival of American film starts. Traditionalists in the French cinema industry have criticised it for encouraging "foreign" films.

3-4 WEEKEND

Kansai airport opens

Kansai International Airport, Japan's first 24-hour airport and the country's second main airport, opens in Osaka on Sunday. Built on a man-made island, passengers will be able to transfer directly to flights to 22 cities throughout Japan.

KIA, which is only in its first stage, has already cost Y1.5tr ($15bn).

Japanese prime minister Tomiichi Murayama's Social Democratic party holds a convention in Tokyo on Saturday. Delegates will be asked to ratify sweeping policy changes adopted by the leadership when it entered a coalition with two, more conservative parties in June.

The Edinburgh Festival finishes on Sunday, after four weeks of cultural offerings, with Elgar's Dream of Gerontius performed by the Royal Scottish National Orchestra and conducted by Sir Charles Mackerras.

Chess: The Interpolis knock-out chess tournament starts in Tilburg, Holland, on Saturday (to Sept 25).

Cricket: Worcestershire play Warwickshire in the final of the NatWest trophy on Saturday.

Athletics: Grand Prix final in Paris on Saturday.

Compiled by Shelley Wood and Ian Holdsworth. Fax: (+44) (0)71 873 3194.

ECONOMIC DIARY

Other economic news

Wednesday: The purchasing managers' index for the UK in August will be published by the Chartered Institute of Purchasing and Supply. While the overall level of the index is likely to indicate continuing economic strength, analysts will be most closely watching the prices component for further signs of inflationary pressures.

Thursday: The Nationwide and Halifax house price indices have often diverged in recent months, but neither shows much indication of a housing boom. Today's Nationwide index for August is likely to show still subdued price increases, after July's 2.1 per cent annual rise.

Friday: In the US, the non-farm payroll numbers are likely to be the key economic statistic of the week. After strong consumer confidence and low initial claims figures, Morgan Grenfell is expecting a 250,000 rise in employment in August, compared with 259,000 in July.

In the UK, official reserves in August are expected to have declined by around $25m, but this statistic has lost much of its significance following Britain's departure from the exchange rate mechanism.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	US	July personal income	0.5%	0.1%
Aug 29	US	July personal consumer expend	0.3%	0.4%
	Japan	July retail sales**	-0.3%	-1.9%
	Japan	Aug w'sale price indx, 2nd 10 days	-	0.1%
	Germany	July import prices*	0.2%	0.3%
	Germany	July import prices**	0.4%	0.9%
	Aus'lia	July current account	-A$1.5bn	-A$1.44bn
Tues	US	July new home sales	620,000	591,000
Aug 30	US	Aug consumer confidence	92.0	91.6
	US	Johnson Redbook, w/e Aug 27	-	-1.5%
	Japan	July unemployment rate	2.9%	2.9%
	Japan	July job offers/seekers ratio	0.63	0.63
Wed	US	July leading indicators	-0.1%	0.2%
Aug 31	US	July factory orders	-2%	0.8%
	US	July factory inventories	-	0.1%
	US	Aug agricultural prices	-	-2.9%
	Japan	July construction orders**	-	-2.9%
	Japan	July housing starts**	7.6%	10.6%
	Japan	July construction starts**	-	1.7%
	Japan	July industrial production†	-2%	2.7%
	Japan	July shipments	-	4.8%
	France	July unemployment rate	12.6%	12.6%
	France	July job seekers*†	-	-0.4%
	Canada	Jun real gross dom prod, factor cost	0.4%	0.3%
	Aus'lia	2nd qtr gross domestic prod (A)†	0.6%	1.9%

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Thur	US	Aug Nat Ass Purch Managers indx	57.5%	57.8%
Sept 1	US	July construction spending	0.4%	0.2%
	US	M2, w/e Aug 22	$4bn	$8.1bn
	US	Initial claims, w/e Aug 27	325,000	322,00
	US	State benefits, w/e Aug 20	-	2.66m
	Japan	Aug auto sales**	-	2.4%
	Japan	Aug forex reserves*	-	2%
Fri	US	Aug non-farm payrolls	233,000	295,000
Sept 2	US	Aug manufacturing payrolls	12,000	6,000
	US	Aug hourly earnings	0.2%	0.4%
	US	Aug average workweek	-	34.6
	US	Aug unemployment rate, civilian	6.1%	6.1%
	Japan	July current a/c – IMF	$11.9bn	$11.1bn
	Japan	July trade balance – IMF	-	$13.1bn
	Japan	July foreign bond investment	-	$8.2bn
	Japan	July Bank of Japan corporate*	-	0.4%
	UK	Aug official reserves	-$25m	-$40m
During the week...				
	Germany	July consumer climate	-	89
	Germany	July industrial production*	0.5%	1%
	Germany	July manufacturing output*	0.4%	1.1%
	Belgium	Aug unemployment rate	14.5%	14.2%
	Denmark	July unemployment rate†	12.1%	12.3%

*month on month, **year on year, †seasonally adjusted *Statistics, courtesy MMS International.*

MONDAY PRIZE CROSSWORD

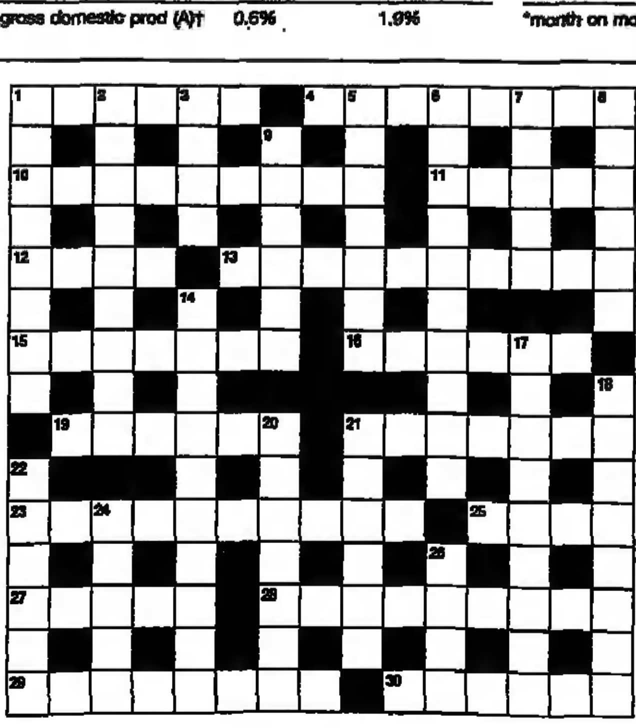
No.8,544 Set by ADAMANT

ACROSS

1 Watch the cutter go up and down (6)
4 Stage for a breakneck ending (8)
10 It records the steps needed to get roof in safe keeping (9)
11 Principle of having a vote on the island (5)
12 Study a revolutionary setting (4)
13 Start of the weekend is interminable without companionship (10)
15 To round off in pompous fashion (7)
16 One after the other encountered is holding hereditary code back (6)
19 Terror at having run into a scrap (6)
21 Looks round Mandela's party meetings for spiritual guidance (7)
23 Mother won a skirmish with her rival (5,5)
25 Lead off as a prelude to holding hands (4)
27 Part of the column showed way to bring back music (5)
28 Essential equipment for down to earth person (9)
29 Prune and cut away to make a hole (8)
30 A cheer for Henry! (6)

DOWN

1 A better abbot (8)
2 Try to evade rum round for another spell (9)
3 Came out top (4)
5 Up-to-date power supply (7)
6 Complete refutation of request for an apartment (4,6)
7 Love to exist on fruit (5)
8 One who believes holding the mark will make the outlook clearer (6)
9 Fixed one's gaze on top journalist (6)
14 Somehow gaunter after prison, but still a destructive force (10)
17 Former supervisor, we're told, at national treasury (9)
18 Additional message – change your leading instrument (8)
20 He's always swearing to bring back report – but there's nothing in it (7)
21 Throwing light on why society will lag behind (6)
22 To back Tom gives an even chance (4-2)
24 Fisher who worked the Rhone (5)
26 Call back some speech on democracy (4)



A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday September 8, marked Monday Crossword 8,544 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday September 12.

Name..

Address..

Winners 8,532

Mrs J. Whelan, Godalming, Surrey
J.R. Adamson, Rayleigh, Essex
R.R. Bell, West Hallam, Derbyshire
Alison Emmott, Les Mouriaux, Alderney, Channel Islands
M.E. Gill, Cobham, Surrey
R.W. Masters, Notts

Solution 8,532